LSC Redbook

Analysis of the Executive Budget Proposal

Department of Education

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READER'S GUIDE

The Legislative Service Commission prepares an analysis of the executive budget proposal for each agency. These analyses are commonly called "Redbooks." This brief introduction is intended to help readers navigate the Redbook for the Department of Education (ODE), which includes the following five sections.

1. Overview: Provides a brief description of ODE and an overview of the provisions of the executive budget that affect ODE, including major new initiatives.
2. Facts and Figures: Provides some additional data on Ohio's primary and secondary education system.[1]
3. Analysis of Executive Proposal: Provides a detailed analysis of the executive budget recommendations for ODE, including funding for each appropriation line item. The line items for ODE are organized into 12 categories.
4. School Funding Complete Resource: Provides a detailed analysis of the current system of funding public schools in Ohio, including state, local, and federal revenues.
5. Attachments: Includes the Catalog of Budget Line Items (COBLI) for ODE, which briefly describes each line item, and the LSC budget spreadsheet for ODE.

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[1] Much of this information is also presented in the LSC publication *Ohio Facts* that is available on the LSC web site: www.lsc.state.oh.us.

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ATTACHMENTS:

Catalog of Budget Line Items
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Department of Education

- Adopts new school funding model
- Recommends adoption of new standards and assessments
- Revises teacher licensure
- Provides increases of 2.3% in FY 2010 and 3.1% in FY 2011 in GRF and lottery spending

OVERVIEW

Agency Overview

ODE oversees a public education system consisting of 613 public school districts, 49 joint vocational school districts, and approximately 328 public community schools. This system enrolls approximately 1.8 million students in grades kindergarten through twelve and graduates approximately 125,000 students each year. In addition, ODE monitors 58 educational service centers, other regional education providers, several early learning programs, and approximately 867 state-chartered nonpublic schools.

ODE also administers the school funding system, collects school fiscal and performance data, develops academic standards and model curricula, administers the state achievement tests, issues district and school report cards, administers Ohio's voucher programs, provides professional development, and licenses teachers, administrators, treasurers, superintendents, and other education personnel.

ODE is governed by a 19-member State Board of Education. Eleven of those 19 members are elected by the citizens of Ohio and the other eight members are appointed by the Governor. The Superintendent of Public Instruction, who is hired by the State Board of Education, is responsible for ODE's day-to-day operation.

According to ODE's strategic plan, its vision is higher achievement for all students. Its mission is threefold, with 11 strategies designed to help ODE reach each mission. The core work of ODE is aligned closely with these missions and strategies, which are listed below.

1. ***Raise expectations:*** Set clear and high expectations for what all students should know and be able to do.
   a. Raise awareness, create understanding, and generate support for what students should know and be able to do.
   b. Promote the alignment of what we expect of students with what is taught and tested.
2. ***Build capacity:*** Provide leadership and resources to build the capacity of schools.

a. Provide regional, school, and district leadership with the support needed to sustain academic improvement.

b. Ensure that every school and classroom has educators who meet high-quality standards.

c. Promote the effective use of current resources and advocate for the resources needed to improve student achievement.

d. Identify and promote educational practices that lead to improved student achievement.

e. Ensure that the work of regional service providers focuses on Ohio's standards-based educational system.

f. Promote high-quality educational options that lead to improved student achievement.

3. ***Improve results:*** Measure progress and hold educators and students responsible for higher academic achievement.

   a. Develop fair state tests aligned with academic content standards.

   b. Promote the use of data to make decisions about teaching and learning.

   c. Develop and implement a fair accountability system that reports results and rewards successes.

Staffing Levels

As of February 13, 2009, ODE has 619 full-time equivalent (FTE) employees and 24 authorized posted vacancies. Current employment levels are 92 FTEs below the staff ceiling established by the Office of Budget and Management. Generally, agencies operate below their staff ceilings due to a natural attrition rate that results in a certain number of vacancies at any given time.

Appropriation Overview

Appropriations by Fund Group

The executive budget provides a total appropriation of $11.89 billion in FY 2010 and $12.17 billion in FY 2011 for ODE. Chart 1 and Table 1 present the executive recommended appropriations by fund group. As the chart shows, appropriations from the GRF and Lottery Profits Education Fund (LPE) make up a majority of ODE's funding for the biennium at 75.1%. Federal funds account for the next largest portion at 13.9%. Appropriations from the Revenue Distribution Fund group (RDF), which provide direct reimbursements to school districts and joint vocational school districts for property tax losses due to utility deregulation and the phase-out of the business tangible personal property tax, accounts for 10.3% of ODE's funding for the biennium.

The State Special Revenue Fund group and the General Services Fund group account for the remaining 0.7%.

Chart 1: Biennial Executive Budget Recommendations by Fund Group, FY 2010-FY 2011

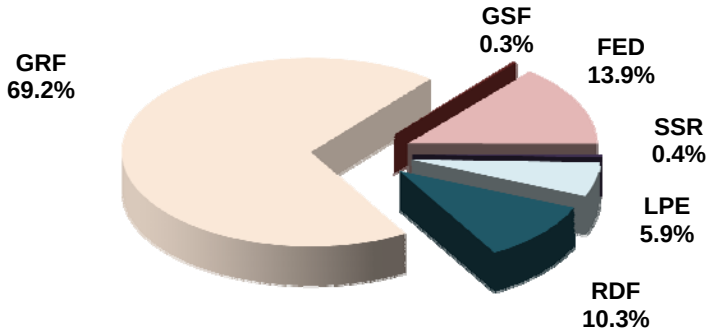


Table 1. Executive Budget Recommendations by Fund Group, FY 2010-FY 2011

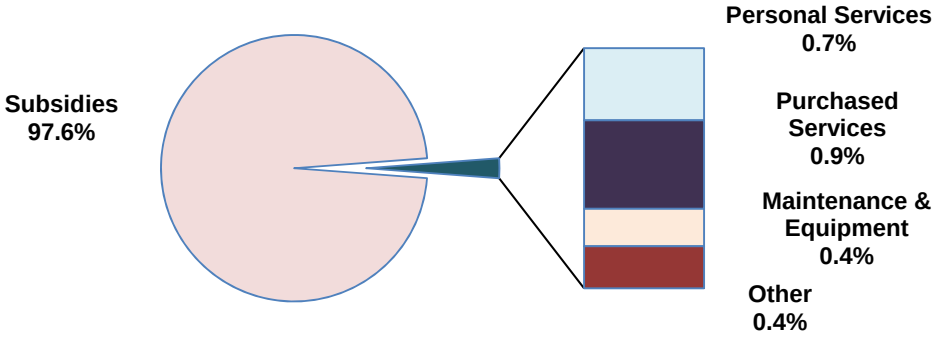
Fund Group	FY 2009*	FY 2010	% change, FY 2009-FY 2010	FY 2011	% change, FY 2010-FY 2011
General Revenue	$8,030,441,057	$8,190,075,748	2.0%	$8,464,046,361	3.3%
General Services	$33,565,838	$32,865,846	(2.1)%	$32,865,846	0.0%
State Special Revenue	$51,260,108	$50,598,878	(1.3)%	$49,898,878	(1.4)%
Federal Special Revenue	$1,727,462,303	$1,672,960,767	(3.2)%	$1,666,757,861	(0.4)%
Lottery Profits	$667,900,000	$705,000,000	5.6%	$711,000,000	0.9%
Revenue Distribution	$854,440,342	$1,241,330,889	45.3%	$1,241,330,889	0.0%
TOTAL	**$11,365,069,648**	**$11,892,832,128**	**4.6%**	**$12,165,899,835**	**2.3%**
GRF and Lottery	$8,698,341,057	$8,895,075,748	2.3%	$9,175,046,361	3.1%

*FY 2009 figures represent adjusted appropriations.

Appropriations by Object of Expense

Chart 2 shows the executive recommended appropriations by object of expense. More than 97% of ODE's budget is paid out as subsidies mainly to school districts and joint vocational school districts, but also to community schools, educational service centers, chartered nonpublic schools, and other education providers.

Chart 2: Biennial Executive Budget Recommendations by Object of Expense, FY 2010-FY 2011



ODE retains approximately $472.3 million (2.0%) of its total recommended budget for the biennium at the state level for personal services, purchased services, maintenance, and equipment spending. Personal services accounts for approximately $172.2 million (36.5%) of these funds expended at the state level.

Primary and Secondary Education's Share of the State GRF Budget[2]

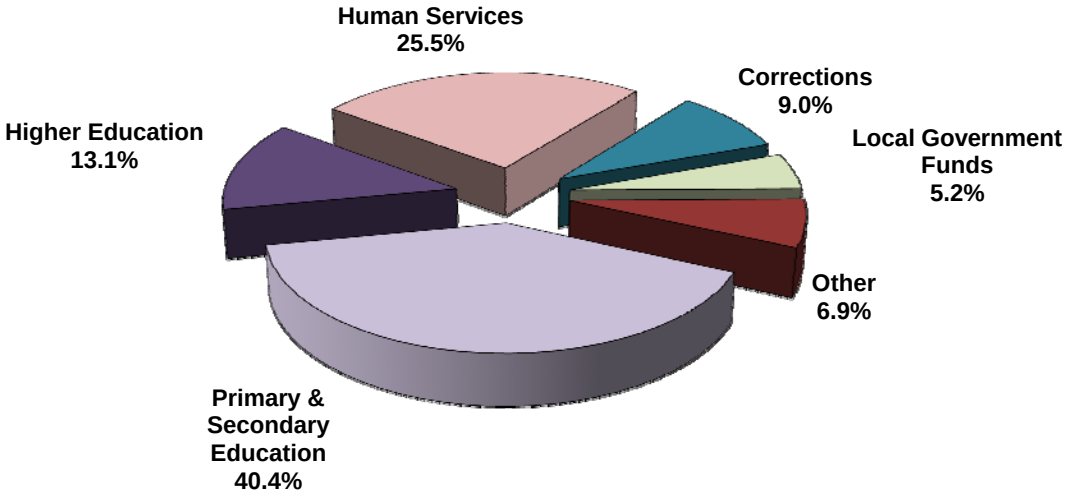
The four major spending areas of the state budget are: primary and secondary education,[3] human services, higher education, and corrections. The executive GRF budget recommendations total $41.5 billion for the FY 2010-FY 2011 biennium. Chart 3 shows these recommendations broken down by the four major spending areas as well as spending allocated to local government funds and all other areas. Under the executive budget, spending on primary and secondary education continues to be the largest spending area at approximately 40.4% of the executive recommendations. The

[2] For this section, the state GRF budget includes allocations from the General Revenue Fund (GRF), as well as from the local government funds (LGFs), and the Lottery Profits Education Fund (LPE) but does not include spending reimbursed by the federal government or federal stimulus funds.

[3] For this section, primary and secondary education spending includes all GRF and LPE spending by ODE, the eTech Ohio Commission, the School Facilities Commission, the Ohio State School for the Blind, and the Ohio School for the Deaf.

proportions for the other areas of spending are: 25.5% for human services, 13.1% for higher education, 9.0% for corrections, 5.2% for local government funds, and 6.9% for all other areas.

Chart 3: State Spending by Program Area, FY 2010-FY 2011 Biennium

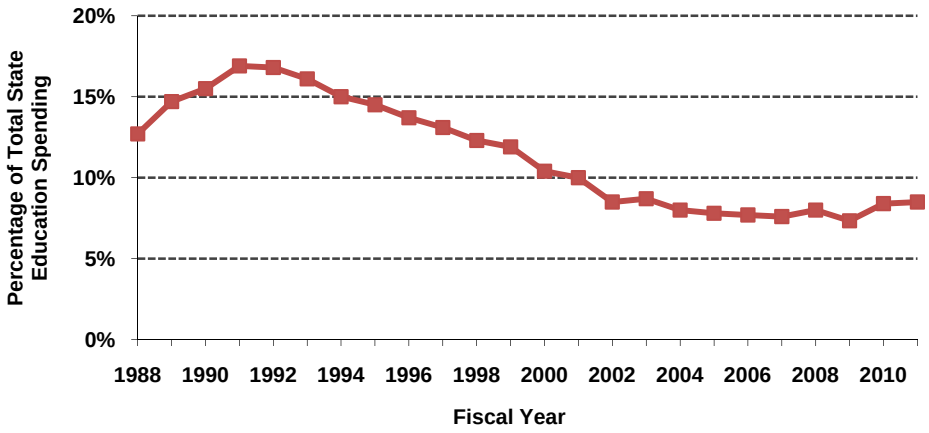


Lottery Profits and State Spending on Education

In 1973, voters amended the Ohio Constitution to allow the creation of the Ohio lottery. In 1987, voters approved an additional constitutional amendment that permanently earmarked lottery profits for education. Generally, lottery profits are combined with the GRF to provide foundation funding to schools in Ohio.

Chart 4 shows the percentage of state GRF and LPE spending on primary and secondary education that comes from lottery profits. As can be seen from Chart 4, lottery profits have always been a relatively small percentage of this spending. After reaching a peak of 16.9% in FY 1991, this percentage has decreased to 7.4% in FY 2009, but is expected to increase to 8.5% by FY 2011. Since the 1990s, the annual dollar amount of lottery profits has fallen from a high of $718.7 million in FY 1999 to an estimated $667.9 million in FY 2009, a decrease of 7.1%. From FY 1988 to FY 2009, total state GRF and lottery spending on primary and secondary education increased by $5,532.4 million (160.7%). Of this growth, $232.3 million (4.2%) was provided by the lottery. The executive budget reflects estimated increases in lottery profits of $37.1 million in FY 2010 and $6.0 million in FY 2011.

Chart 4: Lottery Profits as a Percentage of Total State GRF and Lottery Spending for K-12 Education, FY 1988-FY 2011



School Funding Formula Changes

The executive budget replaces the current school funding formula used to determine the amount and distribution of state operating funding to school districts with a new formula. The current school funding formula is described in detail in the "State Operating Revenue" chapter, which starts on page 9 of the special analysis section of this Redbook entitled "School Funding Complete Resource." The new formula proposed in the executive budget is described below.

Adequacy Amount

The executive budget adapts the "evidence-based model" (EBM) to Ohio. A form of EBM has been adopted in Wyoming and Arkansas. The premise behind the model is to identify school-based programs and educational strategies shown by research evidence to improve student learning and build a funding model that supports them. The proposal calls the total amount of funding calculated by the model for each district the adequacy amount for that district. Similar to the base cost amount in the current formula, districts are expected to contribute a certain percentage (expressed as millage) of their taxable property value to fund the adequacy amount – this is the local share. The state then makes up the difference between the total adequacy amount and the local share. The adequacy amount does not include funding for pupil transportation, which is funded separately. The proposal adopts the State Board of Education's recommended formula for funding transportation and uses the state share of the adequacy amount to distribute this funding to school districts.

Under the current school funding formula, the model of the state-defined basic education amount, which is roughly equivalent to the adequacy amount plus transportation under the proposal, is largely a student-based calculation. In other words, funding for the components of the model are largely calculated by applying a

per student formula amount to the number of students in the district. The overall cost of the current model is driven by the base cost formula amount per pupil. The proposed model is also largely based on the number of students in a district, but there is no specific formula amount per pupil. Instead the overall cost of the proposed model is largely driven by the teacher compensation amount, which varies by district. This is the amount of funding allocated to each teacher funded in the model. The components of the adequacy amount include instructional services support, additional services support, administrative services support, operations and maintenance support, gifted education and enrichment support, technology resources support, a professional development factor, and an instructional materials factor.

Average Daily Membership

Average daily membership (ADM) is the measure of the number of students in each district. Current law related to ADM is covered on pages 14 to 15 of the special analysis, "School Funding Complete Resource." Under current law, all students are counted in the ADM of the district in which they reside. However, some students are educated outside of the district where they reside; for example, students attending a community school, students attending a STEM (Science, Technology, Engineering, and Mathematics) school, students attending another district through open enrollment, students attending a college or university through a dual-enrollment program, and students attending a nonpublic school through a state-funded scholarship program. Under current law, funding for these students is transferred from the resident district's state aid allocation to the educating school or district. Under the executive proposal, three of these types of students – community school, some STEM school, and open enrollment students – are no longer counted in the ADM of the district in which they reside. Instead, these three types of students are counted in the ADM of the district or school where they are educated. This means that community schools are funded directly under the executive proposal, instead of through a transfer as under current law. Funding for community schools is discussed in detail below.

Two other changes made to the calculation of ADM for districts in the proposed formula concern the timing of the ADM counts. Under current law, there are two ADM counts each fiscal year, the first in October and the second in February. The ADM for the fiscal year is equal to 75% of the October count plus 25% of the February count. This second count in February was added to the calculation in FY 2007. The proposal goes back to using only one count per fiscal year – the October count. Also, it bases the ADM for a fiscal year on the October count of the previous fiscal year. As this count is generally finalized by the time the next fiscal year begins, this provision may give districts greater stability in their state aid as that amount may not change significantly during a given fiscal year. An exception to this provision is given to districts for which the October count in the current fiscal year is more than 2% greater than the October

count in the previous fiscal year. For these districts, ADM is based on the October count of the current fiscal year. The current law adjustments to ADM that allow districts to count 20% of FTE students who are educated at a joint vocational school district or another district through a career-technical education compact are not changed by the proposal.

All Day Kindergarten Funding

Another change in ADM made in the proposal has to do with the funding of kindergarten students. The current school funding formula counts each kindergarten student as 0.5 in ADM in recognition of the traditional half-day kindergarten program required under current law. The current formula provides funding for all-day kindergarten through poverty-based assistance to districts whose poverty rates are greater than the state average. The proposal counts all kindergarten students as one in ADM regardless of whether they receive full-day or half-day services. The executive budget requires that all districts provide all-day kindergarten by FY 2011, unless a district is granted a waiver by the Superintendent of Public Instruction.

Ohio Instructional Quality Index

As stated previously, the cost of the proposed model is largely driven by teacher compensation. Under the model teacher compensation is different for each district and depends on the Ohio Instructional Quality Index (IQ index). The IQ index provides more funding in the formula to districts with low college attainment rates, low wealth, and high percentages of economically disadvantaged students. The IQ index was computed for each district by the administration, it ranges from 0.9 to 1.65. A description of the three components of the index and how they are combined is given below.

College Attainment Index

Each district's college attainment rate is measured as the percentage of the population living in the district that is age 25 or over who has at least a bachelor's degree. The index is calculated by dividing the rate for each district by the maximum rate (the rate for the district with the highest rate) and subtracting the result from one. The calculation of the college attainment index for each school district is summarized below.

Calculation of the College Attainment Index per School District
College attainment index =
1 - (District's college attainment rate)/(Maximum college attainment rate)

Wealth Index

Each district's wealth per pupil is measured as 75% of its recognized taxable property valuation plus 25% of the sum of the incomes of its residents, divided by its ADM. This is the same wealth measure that is used in the parity aid component of the current school funding formula. The wealth index of any district with wealth per pupil greater than $350,000 is set equal to zero. The wealth per pupil of each district identified by ODE as wealthy and suburban are averaged after removing the highest and lowest value. To this average is added one standard deviation and this becomes the "maximum wealth" measure used in the index. The index is calculated by dividing the wealth per pupil for each district by the maximum wealth and subtracting the result from one. The calculation of the wealth index for each school district is summarized below.

Calculation of the Wealth Index per School District
If district's wealth per pupil > $350,000, then wealth index = 0
If district's wealth per pupil <= $350,000, then wealth index =
1 - (District's wealth per pupil)/("Maximum wealth")

Poverty Index

Each district's poverty rate is measured as the percentage of the economically disadvantaged students in the district as reported on the district's local report card, referred to as the targeted poverty indicator in the proposed formula. The poverty index of any district with a poverty rate at the 99th percentile or above is set equal to one. For the remaining districts, the index is calculated by dividing the rate for each district by the rate for the district at the 99th percentile. The calculation of the poverty index for each school district is summarized below.

Calculation of the Poverty Index per School District
If district's poverty rate is at the 99th percentile or above, poverty index = 1
If district's poverty rate is below the 99th percentile, poverty index =
(District's poverty rate)/(Poverty rate of district at 99th percentile)

Summary

Finally, these three indices are averaged. The resulting indices are scaled from 0.9 to 1.65 by dividing each district's combined index by the maximum combined index, multiplying the result by 0.75 (the difference between 1.65 and 0.9) and adding 0.9. The calculation of the IQ index for each school district is summarized below.

Calculation of the Instructional Quality Index per School District
Combined index = Average of college attainment, wealth, and poverty indices
IQ Index = (District's combined index)/(Maximum combined index) x 0.75 + 0.9

Organizational Units

Some components of the proposed model, such as funding for principals, are allocated based on the number of "schools" in each district. Districts may have schools of very different sizes, so instead of using the number of actual schools, the model calculates the number of organizational units. This is a new factor created by the model that measures the number of "schools" in the district of a standard size. There are three types of organizational units:

1. ***elementary school*** – grades kindergarten through five, with a standard size of 418;
2. ***middle school*** – grades six through eight, with a standard size of 557; and
3. ***high school*** – grades nine through twelve, with a standard size of 733.

A district with less than 800 students total is termed a "small district" and is considered to have one organizational unit regardless of the grade level breakdown of its students. The calculation of organizational units is summarized below.

Calculation of School District Organizational Units
If ADM < 800 students, then Total Organizational Units = 1
If ADM >= 800 students, then
Elementary School Organizational Units = (ADM in grades K through 5)/418
Middle School Organizational Units = (ADM in grades 6 through 8)/557
High School Organizational Units = (ADM in grades 9 through 12)/733
Total Organizational Units = Elementary School + Middle School + High School Units

Instructional Services Support

The bulk of the cost of the model lies in the instructional services support component. This component is made up of funding for eight types of teachers: core teachers, specialist teachers, career-technical education teachers, lead teachers, special education teachers, special education teacher aides, teachers for limited-English proficient students, and supplemental teachers. The number of each type of teacher funded in each district is calculated as described below. Once the total number of teachers of all types is determined for a district, this number is multiplied by the model's assumed teacher compensation for the fiscal year to arrive at the total amount of the instructional services support for the district.

Core Teachers

Core teachers are teachers of English-language arts, mathematics, science, social studies, or foreign languages. The number of core teachers is driven by a student-to-teacher ratio of 15:1 for grades kindergarten through three, and 25:1 for grades four through twelve. The calculation of the number of core teachers for each school district is summarized below.

Calculation of the Number of Core Teachers per School District
For grades K through 3:
Number of core teachers in each grade level = (ADM in the grade level)/15
For grades 4 through 12:
Number of core teachers in each grade level = (ADM in the grade level)/25
Total number of core teachers = Sum of the number of core teachers in each grade level K through 12

Specialist Teachers

Specialist teachers provide instruction in art, music, or physical education. They are funded at 20% of core teachers in grades kindergarten through eight plus 25% of core teachers in grades nine through twelve. The calculation of the number of specialist teachers for each school district is summarized below.

Calculation of the Number of Specialist Teachers per School District
Total number of specialist teachers =
0.2 x (Number of core teachers in grade levels K through 8) +
0.25 x (Number of core teachers in grade levels 9 through 12)

Career-Technical Teachers

Career-technical teachers provide instruction in career-technical education. They are funded at 10% of core teachers for grades nine through twelve. The calculation of the number of career-technical teachers for each school district is summarized below.

Calculation of the Number of Career-Technical Teachers per School District
Total number of career-technical teachers =
0.1 x (Number of core teachers in grade levels 9 through 12)

Lead Teachers

Lead teachers provide mentoring and coaching for new teachers. They are funded at one teacher per organizational unit. The calculation of the number of lead teachers for each school district is summarized below.

Calculation of the Number of Lead Teachers per School District
Total number of lead teachers = Total number of organizational units

Special Education Teachers

Special education teachers provide the extra time and attention needed to assist in the achievement of special education students. Special education teachers are funded using a 20:1 special education weighted student ADM-to-teacher ratio. To calculate the special education weighted student ADM, the model divides special education ADM into six categories based on the disability of the student. The ADM in each category is given a weight. The current school funding formula also provides weighted funding for special education based on the same six categories. The proposal modifies the weights applied to each category. Under current law, the weights have been subject to a phase-in percentage of 90% since FY 2005. Under the proposal, the weights are also funded at 90% in FY 2010 and FY 2011, but this is in recognition of the existence of federal funding for special education. This federal funding is expected to account for the remaining 10% of the weights. The changes to the weights are summarized in the following table.

Special Education Weights under Current Law and Executive Proposal		
Category	**Current Law Weights**	**Proposed Weights**
One – Speech only	0.2892	0.2906
Two – Specific learning disabled, developmentally disabled, other health – minor	0.3691	0.3613
Three – Hearing impaired, vision impaired, severe behavior disabled	1.7695	1.7809
Four – Orthopedically disabled, other health – major	2.3646	2.3143
Five – Multi-disabled	3.1129	3.5071
Six – Autism, traumatic brain injury, both visually and hearing impaired	4.7342	5.3543

The calculation of the special education weighted student ADM and the number of special education teachers for each school district is summarized below.

Calculation of the Special Education Weighted Student ADM per School District
Category 1 weighted ADM = (category 1 ADM) x 0.2906
Category 2 weighted ADM = (category 2 ADM) x 0.3613
Category 3 weighted ADM = (category 3 ADM) x 1.7809
Category 4 weighted ADM = (category 4 ADM) x 2.3143
Category 5 weighted ADM = (category 5 ADM) x 3.5071
Category 6 weighted ADM = (category 6 ADM) x 5.3543
Total special education weighted ADM = Sum of special education weighted ADM for categories 1 through 6

Calculation of the Number of Special Education Teachers per School District
Total number of special education teachers = (Total special education weighted ADM)/20

Special Education Teacher Aides

In addition to special education teachers, one special education teacher aide is funded for every two special education teachers. The calculation of the number of special education teacher aides for each school district is summarized below.

Calculation of the Number of Special Education Teacher Aides per School District
Total number of special education teacher aides = (Total number of special education teachers)/2

Limited English Proficient (LEP) Teachers

LEP teachers provide for the additional needs of LEP students. They are funded at one teacher per 100 LEP students. The number of LEP students used in the model is equal to the percent of LEP students as defined in federal law multiplied by the district's ADM. The calculation of the number of LEP teachers for each school district is summarized below.

Calculation of the Number of LEP Teachers per School District
Total number of LEP teachers = (LEP percentage x ADM)/100

Supplemental Teachers

Supplemental teachers are funded for students who need additional instructional assistance and to provide assistance with extended-day instruction. They are funded at one tutor per 100 economically disadvantaged students. The number of economically disadvantaged students used in the model is equal to the percentage of economically disadvantaged students in the district as reported on the district's local report card (the targeted poverty indicator) multiplied by the district's ADM. The calculation of the number of supplemental teachers for each school district is summarized below.

Calculation of the Number of Supplemental Teachers per School District
Total number of supplemental teachers = (Economically disadvantaged percentage x ADM)/100

Teacher Compensation

Teacher compensation refers to the amount allocated in a given fiscal year by the model to a specific district for each teacher (including teachers of all eight types described above) calculated by the model. This number is different for each district. It is calculated by multiplying the "statewide base teacher salary" by the IQ index. The IQ index is a centerpiece of the proposed model and is described in more detail above. The statewide base teacher salary is equal to $51,407 in FY 2010 and $52,402 in FY 2011. The IQ index ranges from 0.9 to 1.65, so in FY 2010, teacher compensation ranges from $46,233 ($51,407 x 0.9) to $84,822 ($51,407 x 1.65); in FY 2011, teacher compensation ranges from $47,162 ($52,402 x 0.9) to $86,463 ($52,402 x 1.65). The calculation of teacher compensation for each school district is summarized below.

Calculation of Teacher Compensation per School District
FY 2010 Teacher compensation = $51,407 x district's IQ index
FY 2011 Teacher compensation = $52,402 x district's IQ index

Summary

Finally, the total instructional services support component of the model is calculated by adding up the total number of teachers and multiplying this number by the teacher compensation for the district. This calculation is summarized below.

Calculation of Instructional Services Support per School District
Core teacher factor = Number of core teachers x Teacher compensation
Specialist teacher factor = Number of specialist teachers x Teacher compensation
Career-technical teacher factor = Number of career-technical teachers x Teacher compensation
Lead teacher factor = Number of lead teachers x Teacher compensation
Special education teacher factor = Number of special education teachers x Teacher compensation
Special education teacher aide factor = Number of special education teacher aides x Teacher compensation
LEP teacher factor = Number of LEP teachers x Teacher compensation
Supplemental teacher factor = Number of supplemental teachers x Teacher compensation
Instructional services support = Sum of eight teacher factors

Additional Services Support

The second component of the model is additional services support. This component is made up of funding for five services: student support staff, counselors, summer remediation programs, school nurses, and registered nurses. The funding for each of these services is calculated as described below.

Student Support Staff

Student support staff may include family liaisons, student advocates, and social workers. These staff provide additional support for at-risk students. They are funded at one staff person per 75 economically disadvantaged students. As with the supplemental teacher factor, the number of economically disadvantaged students used in the model is equal to the percentage of economically disadvantaged students in the district as reported on the district's local report card (the targeted poverty indicator) multiplied by the district's ADM. The model provides funding for each staff person equal to $38,633 in FY 2010 and $39,381 in FY 2011. The calculation of the student support staff factor for each school district is summarized below.

Calculation of the Student Support Staff Factor per School District
Total number of student support staff = (Economically disadvantaged percentage x ADM)/75
FY 2010 Student support staff factor = (Total number of student support staff in FY 2010) x $38,633
FY 2011 Student support staff factor = (Total number of student support staff in FY 2011) x $39,381

Counselors

The model funds one counselor for every 250 students in grades six through twelve. The model provides funding for each counselor equal to $66,375 in FY 2010 and $67,660 in FY 2011. The calculation of the counselor factor for each school district is summarized below.

Calculation of the Counselor Factor per School District
Total number of counselors = (Sum of ADM in grades 6 through 12)/250
FY 2010 Counselor factor = (Total number of counselors in FY 2010) x $66,375
FY 2011 Counselor factor = (Total number of counselors in FY 2011) x $67,660

Summer Remediation Program

Funding is provided for a summer remediation program for at-risk students. The model calculates the number of teachers needed for the program by providing for a 30:1 student-to-teacher ratio and assuming attendance equal to 50% of the economically disadvantaged students in the district. The model provides funding for each summer teacher equal to $3,000 in both FY 2010 and FY 2011. As with the supplemental teacher and the student support staff factor, the number of economically disadvantaged students used in the model is equal to the percentage of economically disadvantaged students in the district as reported on the district's local report card (the targeted poverty indicator) multiplied by the district's ADM. The calculation of the summer remediation program factor for each school district is summarized below.

Calculation of the Summer Remediation Program Factor per School District
Total number of teachers = 0.5 x (Economically disadvantaged percentage x ADM)/30
FY 2010 Summer remediation program factor = (Total number of teachers in FY 2010) x $3,000
FY 2011 Summer remediation program factor = (Total number of teachers in FY 2011) x $3,000

School Nurses

One school nurse is funded per organizational unit, except that small districts (districts with less than 800 students) do not receive funding for a school nurse. The model provides funding for each school nurse equal to $28,009 in FY 2010 and $28,551 in FY 2011. The calculation of the school nurse factor for each school district is summarized below.

Calculation of the School Nurse Factor per School District
If district ADM < 800, then school nurse factor = 0
If district ADM => 800, then
Total number of school nurses = Number of organizational units
FY 2010 School nurse factor = (Total number of school nurses in FY 2010) x $28,009
FY 2011 School nurse factor = (Total number of school nurses in FY 2011) x $28,551

Registered Nurses

One registered nurse is funded per district. The model provides funding for each registered nurse equal to $51,407 in FY 2010 and $52,402 in FY 2011. This is the same as the statewide average teacher salary base for those years. The calculation of the registered nurse factor for each school district is summarized below.

Calculation of the Registered Nurse Factor per School District
FY 2010 Registered nurse factor = $51,407
FY 2011 Registered nurse factor = $52,402

Summary

The total additional services support component of the model is calculated by adding up the five factors. This calculation is summarized below.

Calculation of Additional Services Support per School District
Additional services support =
Student support staff factor +
Counselor factor +
Summer remediation program factor +
School nurse factor +
Registered nurse factor

Administrative Services Support

The third component of the model is administrative services support. This component is made up of funding for six types of administrative staff: superintendents, treasurers, principals, noninstructional aides, building managers, and secretaries. Funding for two of these staff types, superintendents and treasurers, is phased in at 25% for this biennium. The funding for each of these staff persons is calculated as described below.

Superintendent

One superintendent per district is funded. The model provides funding for each superintendent equal to $108,758 in FY 2010 and $110,864 in FY 2011, but this funding is phased in at 25% for the FY 2010-FY 2011 biennium. The calculation of the superintendent factor for each school district is summarized below.

Calculation of the Superintendent Factor per School District
FY 2010 Superintendent factor = $108,758 x 0.25 = $27,189
FY 2011 Superintendent factor = $110,864 x 0.25 = $27,716

Treasurer

One treasurer per district is funded. The model provides funding for each treasurer equal to $78,418 in FY 2010 and $79,937 in FY 2011, but this funding is phased in at 25% for the FY 2010-2011 biennium. The calculation of the treasurer factor for each school district is summarized below.

Calculation of the Treasurer Factor per School District
FY 2010 Treasurer factor = $78,418 x 0.25 = $19,605
FY 2011 Treasurer factor = $79,937 x 0.25 = $19,984

Principal

One principal per organizational unit is funded. The model provides funding for each principal equal to $89,563 in FY 2010 and $91,297 in FY 2011. The calculation of the principal factor for each school district is summarized below.

Calculation of the Principal Factor per School District
Total number of principals = Number of organizational units
FY 2010 Principal factor = (Total number of principals in FY 2010) x $89,563
FY 2011 Principal factor = (Total number of principals in FY 2011) x $91,297

Noninstructional Aides

Noninstructional aides assist in activities such as bus loading and recess supervision. They are funded at two per elementary school and middle school organizational units and three per high school organizational unit, except that small districts (districts with less than 800 students) are funded at a total of one noninstructional aide. The model provides funding for each noninstructional aide equal to $19,966 in FY 2010 and $20,353 in FY 2011. The calculation of the noninstructional aide factor for each school district is summarized below.

Calculation of the Noninstructional Aide Factor per School District
If district ADM < 800, then number of noninstructional aides = 1
If district ADM => 800, then number of noninstructional aides =
(Sum of elementary and middle school organizational units) x 2 +
(High school organizational units) x 3
FY 2010 Noninstructional aide factor = (Total number of noninstructional aides in FY 2010) x $19,966
FY 2011 Noninstructional aide factor = (Total number of noninstructional aides in FY 2011) x $20,353

Building Managers

Building managers are funded at one per organizational unit. The model provides funding for each building manager equal to $33,624 in FY 2010 and $34,275 in FY 2011. The calculation of the building manager factor for each school district is summarized below.

Calculation of the Building Manager Factor per School District
Number of building managers = Number of organizational units
FY 2010 Building manager factor = (Number of building managers in FY 2010) x $33,624
FY 2011 Building manager factor = (Number of building managers in FY 2011) x $34,275

Secretaries

One secretary is funded per elementary and middle school organizational units, and three per high school organizational unit, except that small districts (districts with less than 800 students) are funded at a total of one secretary. The model provides funding for each secretary equal to $33,624 in FY 2010 and $34,275 in FY 2011. This is the same as the funding provided for each building manager. The calculation of the secretary factor for each school district is summarized below.

Calculation of the Secretary Factor per School District
If district ADM < 800, then number of secretaries = 1
If district ADM => 800, then number of secretaries =
(Sum of elementary and middle school organizational units) +
(High school organizational units) x 3
FY 2010 Secretary factor = (Number of secretaries in FY 2010) x $33,624
FY 2011 Secretary factor = (Number of secretaries in FY 2011) x $34,275

Summary

The total administrative services support component of the model is calculated by adding up the six factors. This calculation is summarized below.

Calculation of Administrative Services Support per School District
Administrative services support =
Superintendent factor +
Treasurer factor +
Principal factor +
Noninstructional aide factor +
Building manager factor +
Secretary factor

Operations and Maintenance Support

The fourth component of the model is operations and maintenance support. This component is funded at $902 per student, but is phased in at 25% for the FY 2010-FY 2011 biennium. The calculation of operations and maintenance support for each school district is summarized below.

Calculation of Operations and Maintenance Support per School District
FY 2010 Operations and maintenance support = ($902 x 0.25) x (FY 2010 ADM) = $226 x (FY 2010 ADM)
FY 2011 Operations and maintenance support = ($902 x 0.25) x (FY 2011 ADM) = $226 x (FY 2011 ADM)

Gifted Education and Enrichment Support

The fifth component of the model is gifted education and enrichment support. This component is made up of funding for two services: gifted education support and enrichment support. The funding for each of these services is calculated as described below.

Gifted Education Support

Funding is provided at $25 per student in FY 2010 and FY 2011. The executive proposal also stipulates that this funding must be used to provide instruction, activities, materials, and supplies for gifted students. The calculation of gifted education support for each school district is summarized below.

Calculation of Gifted Education Support per School District
FY 2010 Gifted education support = $25 x (FY 2010 ADM)
FY 2011 Gifted education support = $25 x (FY 2011 ADM)

Enrichment Support

Funding of $200 per student is provided for student enrichment activities, except that this funding is phased in at 25% for the FY 2010-FY 2011 biennium. The calculation of enrichment support for each school district is summarized below.

Calculation of Enrichment Support per School District
FY 2010 Enrichment support = ($200 x 0.25) x (FY 2010 ADM) = $50 x (FY 2010 ADM)
FY 2011 Enrichment support = ($200 x 0.25) x (FY 2011 ADM) = $50 x (FY 2011 ADM)

Summary

The total gifted education and enrichment support component of the model is calculated by adding up the two factors. This calculation is summarized below.

Calculation of Gifted Education and Enrichment Support per School District
Gifted education and enrichment support =
Gifted education support +
Enrichment support

Technology Resources Support

The sixth component of the model is technology resources support. This component is made up of funding for two services: media services and technology equipment. The funding for each of these services is calculated as described below.

Media Services

Funding for media services is provided at $60,000 per organizational unit, except that this funding is phased in at 25% for the FY 2010-FY 2011 biennium. The calculation of the media services factor for each school district is summarized below.

Calculation of Media Services Factor per School District
FY 2010 Media services factor = ($60,000 x 0.25) x (Number of organizational units in FY 2010) =
$15,000 x (Number of organizational units in FY 2010)
FY 2011 Media services factor = ($60,000 x 0.25) x (Number of organizational units in FY 2011) =
$15,000 x (Number of organizational units in FY 2011)

Technical Equipment

Funding for technical equipment is provided at $250 per student, except that this funding is phased in at 25% for the FY 2010-FY 2011 biennium. The calculation of the technical equipment factor for each school district is summarized below.

Calculation of Technical Equipment Factor per School District
FY 2010 Technical equipment factor = ($250 x 0.25) x (FY 2010 ADM) = $63 x (FY 2010 ADM)
FY 2011 Technical equipment factor = ($250 x 0.25) x (FY 2011 ADM) = $63 x (FY 2011 ADM)

Summary

The technology resources support component of the model is calculated by adding up the two factors. This calculation is summarized below.

Calculation of Technology Resources Support per School District
Technology resources support =
Media services factor +
Technical equipment factor

Additional Funding Components

Two additional components are funded as part of the adequacy amount in the model. These are teacher professional development and instructional materials. The funding for these two components is calculated as described below.

Professional Development

Funding for professional development is provided at $1,833 per teacher in FY 2010 and FY 2011, for the total number of teachers funded under instructional services support. The calculation of the professional development factor for each school district is summarized below.

Calculation of Professional Development Factor per School District
FY 2010 Professional development factor = (Number of instructional service support teachers in FY 2010) x $1,833
FY 2011 Professional development factor = (Number of instructional service support teachers in FY 2011) x $1,833

Instructional Materials

Funding of $165 per student is provided for instructional materials, except that this funding is phased in at 25% for the FY 2010-FY 2011 biennium. The calculation of the instructional materials factor for each school district is summarized below.

Calculation of Instructional Materials Factor per School District
FY 2010 Instructional materials factor = ($165 x 0.25) x (FY 2010 ADM) = $41 x (FY 2010 ADM)
FY 2011 Instructional materials factor = ($165 x 0.25) x (FY 2011 ADM) = $41 x (FY 2011 ADM)

Adequacy Amount Summary

The total adequacy amount for each district is simply the sum of the eight components. This calculation is summarized below.

Calculation of the Adequacy Amount per School District
District's total adequacy amount =
Instructional services support +
Additional services support +
Administrative services support +
Operations and maintenance +
Gifted education and enrichment support +
Technology resources support +
Professional development factor +
Instructional materials factor

Local Share of the Adequacy Amount

Under current law, school districts contribute 23 mills (2.3%) of their recognized valuation toward base cost funding and up to 3.3 mills (0.33%) of their recognized valuation toward special education, career-technical education, and transportation funding. Under the executive budget proposal, the local share of the adequacy amount for districts whose class 1 effective current expense millage rate is 20.1 or lower (very near or at the 20-mill floor) is 20 mills (2.0%) of total taxable valuation. The local share of the adequacy amount for all other districts (those above the floor) is 20 mills (2.0%) of recognized valuation. The calculation of the local share of the adequacy amount for each school district is summarized below.

Calculation of Local Share of the Adequacy Amount per School District
If district's class 1 effective millage rate is <= 20.1, then
Local share of adequacy amount = 0.02 x total taxable valuation
If district's class 1 effective millage rate is > 20.1, then
Local share of adequacy amount = 0.02 x recognized valuation

The executive budget's local share proposal differs from the current local share method in two ways. First, it lowers the uniform local contribution millage rate from 23 to 20 mills. Generally speaking, higher property wealth school districts will benefit more than lower property wealth districts from lowering the local contribution millage rate. This is because each mill is worth more in a higher wealth district. Second, instead of using a uniform valuation as the local share calculation base, the executive budget's local share proposal uses both *total taxable valuation* and *recognized valuation*. Due to these two different valuations, on a per pupil basis, districts' local shares no longer have a linear upward relationship with districts' per pupil valuations for the state as a whole. It is therefore possible that two districts with a similar per pupil valuation may have different per pupil local share amounts under the executive budget proposal.

Recognized Valuation

Real property values are updated every three years and reappraised every six years in Ohio mainly to account for inflationary increases. As a result, in the reappraisal and update years, school districts generally experience significant increases in real property value, which may result in significant decreases in their state aid. Recognized valuation "recognizes" the district's inflationary increase in carryover real property (property that was taxed in the year before) in the reappraisal or update year evenly over three years instead of all at once. So, if a district experiences a 15% inflationary increase in real property in a reappraisal year, recognized valuation only recognizes a 5% increase in that year, 10% increase in the following year, and the full

15% increase in the third year. As a result, recognized valuation is lower than total taxable valuation two years out of three, which helps smooth potential fluctuations in school district state aid due to reappraisals and updates. The calculation of recognized valuation for each school district is summarized below.

Calculation of Recognized Valuation
Recognized Valuation in Update or Reappraisal Year = Total Taxable Valuation – 2/3 x Inflationary Increase
Recognized Valuation in Second Year = Total Taxable Valuation – 1/3 x Inflationary Increase
Recognized Valuation in Third Year = Total Taxable Valuation

Payments in Lieu of Taxes

Am. Sub. H.B. 66 of the 126th General Assembly added an adjustment to the valuation used to compute school funding to account for the value of certain tax exempt property for which the district receives payment in lieu of taxes. The executive proposal includes this current law adjustment to both the recognized valuation and total taxable valuation used in computing the local share of the adequacy amount.

State Share Percentage of Adequacy Amount

As described in detail below, each district's transportation payment depends on the percentage of its adequacy amount that is paid by the state. The state share of the adequacy amount is simply the adequacy amount minus the local share and the state share percentage is the state share divided by the adequacy amount. These calculations are summarized below.

Calculation of State Share and State Share Percentage of Adequacy Amount
State share of adequacy amount = Adequacy amount – Local share of adequacy amount
State share percentage of adequacy amount = (State share of adequacy amount)/(Adequacy amount)

Transportation

As mentioned previously, the proposal funds pupil transportation outside of the adequacy amount. The State Board's recommended formula is adopted for distribution purposes, but the total amount of state aid for transportation is restricted to the appropriation level in both FY 2010 and FY 2011. The transportation formula covers the transportation of all pupils in buses owned by the district or operated through a contract. All other types of pupil transportation to and from school are reimbursed under both the current and proposed formulas through a method determined separately through rules adopted by the State Board. The proposed transportation formula is based on transportation costs as reported by school districts for the prior fiscal year and current year ridership counts. Funding consists of a base payment and

additional amounts for districts that transport nontraditional riders, districts that transport high school students, districts that transport students who live between one and two miles from school, and districts that meet an efficiency target established by ODE. Details of these calculations are given below.

Base Payment

The transportation formula looks at two cost measures from the previous year: the average cost per pupil transported and the average cost per mile driven. These state averages are computed after removing the ten districts with the highest and lowest costs per pupil and costs per mile, respectively. These average costs are then applied to the number of pupils transported and the number of miles driven in the current year for each district. To calculate the base payment for each district, the greater of these two amounts is then multiplied by the greater of 60% or the district's state share percentage of the adequacy amount. The calculation of the base payment for each school district is summarized below.

Calculation of Base Transportation Payment per School District
District's per pupil subsidy =
(State average cost per pupil in previous year) x (Number of pupils transported in current year)
District's per mile subsidy =
(State average cost per mile in previous year) x (Number of miles driven in current year)
If the district's per pupil subsidy is greater than its per mile subsidy, then base payment =
(District's per pupil subsidy) x (Greater of 60% or district's state share percentage of adequacy amount)
If the district's per mile subsidy is greater than its per pupil subsidy, then base payment =
(District's per mile subsidy) x (Greater of 60% or district's state share percentage of adequacy amount)

Nontraditional Rider Adjustment

Nontraditional riders are nonpublic or community school students who are transported by their resident school district. Districts that transport these students receive additional funding equal to 10% of their base payment multiplied by the percentage of their riders who are nontraditional. The calculation of the nontraditional rider adjustment for each school district is summarized below.

Calculation of Nontraditional Rider Adjustment per School District
Nontraditional rider adjustment =
(Number of nontraditional riders)/(Total number of riders) x 0.1 x base payment

High School Rider Adjustment

The state requires that districts transport only pupils in grades kindergarten through eight. Under both the current and proposed formula high school riders are counted for funding purposes. Under the proposal, if districts choose to offer transportation to all high school students who live at least one mile from school, they receive additional funding equal to 2.5% of their base payment. The calculation of the high school rider adjustment for each school district is summarized below.

Calculation of High School Rider Adjustment per School District
If district does not offer transportation to all high school students, then high school rider adjustment = 0
If district offers transportation to all high school students, then high school rider adjustment = 0.025 x base payment

Short Distance Adjustment

The state only requires districts to transport pupils who live farther than two miles from school. Under both the current and proposed formula riders who live between one and two miles from school are counted for funding purposes. Under the proposal, if districts choose to offer transportation to students enrolled in grades kindergarten to eight who live at least one mile from school, they receive additional funding equal to 2.5% of their base payment. The calculation of the short distance adjustment for each school district is summarized below.

Calculation of Short Distance Adjustment per School District
If district does not offer transportation to K-8 students who live between one and two miles from school, then
Short distance adjustment = 0
If district offers transportation to K-8 students who live between one and two miles from school, then
Short distance adjustment = 0.025 x base payment

Efficiency Adjustment

The executive proposal requires that ODE calculate a target number of riders per bus for each district. This number is based on the statewide median riders per bus adjusted for the density (riders per square mile) of the district. An efficiency index is then calculated for each district by dividing the district's median riders per bus by its target riders per bus. If the district's efficiency index is at least 1.5, then it receives additional funding equal to 10% of its base payment. If the district's efficiency index is less than 1.0, then it receives no additional funding. If the district's efficiency index is between 1.0 and 1.5, the additional funding it receives is equal to its base payment times a percentage that increases from zero to 10% on a sliding scale as the district's index gets larger. The calculation of the efficiency adjustment for each school district is summarized below.

Calculation of Efficiency Adjustment per School District
District's efficiency index =
(District's median number of riders per bus)/(District's target number of riders per bus)
If district's efficiency index => 1.5, then
Efficiency adjustment = 0.1 x base payment
If district's efficiency index < 1.5 but > 1.0, then
Efficiency adjustment = (Efficiency index – 1)/5 x base payment
If district's efficiency index <= 1.0, then
Efficiency adjustment = 0

Summary

Finally, the four adjustments are added to the base payment to get the allocation for each district. In order to keep the total statewide payment to the appropriation amount, the percentage the appropriation amount is of the current year's total allocation is applied to each district's allocation. The calculation of the final transportation payment for each school district is summarized below.

Calculation of Transportation Payment per School District
District's transportation allocation = Base payment +
Nontraditional rider adjustment + High school adjustment + Short distance adjustment + Efficiency adjustment
Total statewide allocation = Sum of all district allocations
Adjustment percentage = (Total appropriation)/(Total statewide allocation)
District's transportation payment = (District's transportation allocation) x (Adjustment percentage)

Transitional Aid

Transitional aid has been provided to districts since FY 2004 to ease the transition when new funding methods are introduced. Likewise, the executive proposal provides transitional aid to districts in FY 2010 to guarantee 100% of their FY 2009 state aid after accounting for the district's community school transfer and net open enrollment transfer. In FY 2011, transitional aid guarantees districts 98% of their FY 2010 state aid.

Calculation of Transitional Aid per School District
If (state share of adequacy amount plus transportation payment) < (FY 2009 adjusted state aid), then
FY 2010 transitional aid =
(FY 2009 adjusted state aid) - (state share of adequacy amount plus transportation payment)
If (state share of adequacy amount plus transportation payment) => (FY 2009 adjusted state aid), then
FY 2010 transitional aid = 0
If (state share of adequacy amount plus transportation payment) < 0.98 x (FY 2010 total state aid), then
FY 2011 transitional aid =
0.98 x (FY 2010 state aid) - (state share of adequacy amount plus transportation payment)
If (state share of adequacy amount plus transportation payment) => 0.98 x (FY 2010 total state aid), then
FY 2011 transitional aid = 0

Total School District State Aid – Growth Cap

Total school district state aid under the executive proposal is equal to the sum of the state share of the adequacy amount, the transportation payment, and transitional aid[4], except that it is subject to a growth cap of 15% in FY 2010 and 16% in FY 2011. The calculation of total state aid for each school district is summarized below.

Calculation of Total State Aid per School District
FY 2010 Total state aid = Lesser of
1. State share of adequacy amount + Transportation payment + Transitional aid; or
2. 0.15 x (FY 2009 adjusted state aid)
FY 2011 Total state aid = Lesser of
1. State share of adequacy amount + Transportation payment + Transitional aid; or
2. 0.16 x (FY 2010 total state aid)

[4] For districts receiving transitional aid in FY 2010, total state aid is equal to FY 2009 adjusted state aid. For districts receiving transitional aid in FY 2011, total state aid is equal to 98% of FY 2010 state aid.

Community Schools

As stated previously, community schools are funded directly under the executive proposal, instead of through a transfer of district state aid. There is no local share for community schools since they do not have taxing authority. The executive proposal formula for computing state aid for community schools is similar to that for school districts and is described in detail below. Both the current law and the proposed funding formula differentiate between two types of community schools: traditional "brick and mortar" schools and e-schools. E-schools are schools where instruction is primarily computer-based.

As under current law, the executive proposal continues to base community school ADM on a monthly count during the current fiscal year. All community schools are counted as one organizational unit regardless of their ADM.

Adequacy Amount for Brick and Mortar Community Schools

The adequacy amount for brick and mortar community schools includes all the same components as that computed for school districts: instructional services support, additional services support, administrative services support, operations and maintenance support, gifted education and enrichment support, technology resources support, a professional development factor, and an instructional materials factor. All but the first three of these components are computed exactly as they are computed for school districts. There are, however, some differences in how the first three components are computed.

Instructional Services Support

This component is computed exactly as it is computed for school districts, except that for community schools the IQ index is not applied to the statewide base teacher salary when computing teacher compensation. As a result, teacher compensation for community schools is equal to $51,407 in FY 2010 and $52,402 in FY 2011.

Additional Services Support

Brick and mortar community schools are allocated one counselor regardless of their ADM. They either receive one school nurse if their ADM is less than 800 or one registered nurse if their ADM is greater than or equal to 800. Otherwise, this component is computed as it is for school districts.

Administrative Services Support

Brick and mortar community schools do not receive funding for superintendents or treasurers. They are allocated one non instructional aide, one business manager, and one secretary regardless of their ADM. Otherwise, this component is computed as it is for school districts.

Adequacy Amount for E-schools

The adequacy amount for e-schools includes only some of the components computed for school districts. e-schools receive instructional services support, additional services support, technology resources support, and an instructional materials factor. They do not receive funding for administrative services support, operations and maintenance, gifted education and enrichment support, or a professional development factor. All but the instructional materials factor are computed differently than they are computed for school districts.

Instructional Services Support

The number of core teachers for e-schools is driven by a student-to-teacher ratio of 125:1 for all grades. The calculation of the number of core teachers for each e-school is summarized below.

Calculation of the Number of Core Teachers per E-school
Number of core teachers = ADM/125

E-schools do not receive funding for specialist, career-technical, lead, or supplemental teachers. The number of special education teachers and special education teacher aides is computed as it is for districts. As with brick and mortar community schools, the IQ index is not applied to the statewide base teacher salary when computing teacher compensation. As a result, teacher compensation for e-schools is equal to $51,407 in FY 2010 and $52,402 in FY 2011.

Additional Services Support

E-schools are allocated one counselor regardless of their ADM. Funding per counselor is the same as for districts and other community schools. They do not receive any other funding under this component.

Technology Resources Support

E-schools do not receive funding for media services, but their funding for technical equipment is substantially higher than that for districts or other community schools. Funding for technical equipment is provided at $1,037 per student in both FY 2010 and FY 2011. This compares to $250 per student phased in at 25% for school districts and other community schools. The calculation of the technical equipment factor for each e-school is summarized below.

Calculation of Technical Equipment Factor per E-school
FY 2010 Technical equipment factor = $1,037 x (FY 2010 ADM)
FY 2011 Technical equipment factor = $1,037 x (FY 2011 ADM)

STEM Schools

The proposed funding model differentiates between two types of STEM (Science, Technology, Engineering, and Mathematics) schools – those that are governed by a school district and those that are not. Students of STEM schools that are governed by a school district are counted in that district's ADM. Students of STEM schools that are not governed by a school district, however, are funded separately. The proposed model treats these schools as "small districts," except that it does not apply the IQ index to the schools' teacher compensation.

Accounting for and Reporting Expenditures

The executive proposal requires that each district, STEM school, and community school annually submit a plan describing how they will deploy the funds received for each component of the adequacy amount for the purposes designated by that component, to be reconciled with actual spending by ODE. In addition to the specific components of the adequacy amount, each district, STEM school, and community school must account separately for resources received for children with disabilities, which is equal to the sum of the special education teacher factor and the special education teacher aide factor. Also, the executive proposal requires any school district containing a high school with a graduation rate of 70% or less to work with ODE and the Governor's Closing the Achievement Gap Initiative in developing its annual spending plan. If a district contains a high school with a graduation rate of 70% or less, then the district must also fund a linkage coordinator with funds provided by the adequacy amount component for student support staff, under additional services support. The linkage coordinator is to work with academic promotion teams to assist in graduating at-risk students. Districts and schools may apply for a waiver of any spending requirement, to be issued by the Superintendent of Public Instruction. Any waiver can be granted for no longer than five years but may be renewed by the Superintendent.

If a district or school fails to submit or follow a spending plan, or ODE determines that a district or school has failed to allocate funds correctly for at least five components of the adequacy amount, the executive proposal directs a series of actions to occur either resulting in compliance with spending requirements, or the revocation of a district's charter or the closing of the community or STEM school. In the first year of noncompliance, ODE is directed to provide technical assistance and the district or school must submit a three-year operations improvement plan. In the second year of noncompliance, ODE is directed to establish a State Intervention Team to evaluate operations and make recommendations to bring the district or school into compliance. In the third year of noncompliance, the Superintendent of Public Instruction may either establish an Accountability Compliance Commission, or appoint a trustee to govern the school or district until compliance is reached. An Accountability Compliance

Commission consists of three members appointed by the Governor, Auditor of State, and Superintendent. The Commission may submit the spending plan on behalf of a district or school, appoint or terminate administrators and personnel, contract with a private entity to perform management functions, or establish a budget to assist in bringing the district or school into compliance with the requirements. In the fourth year of noncompliance, the district's charter is revoked or the community or STEM school is ordered to close.

Future Model Adjustments

The executive budget proposes to create the 20-member Ohio Research-Based Funding Model Advisory Council to make recommendations for future revisions to the adequacy amount components described above in order to keep the funding model relevant in future biennia. The Council is directed to meet at least quarterly, and by the first of September in every even-numbered year, the Council must present its recommendations to the Governor, the State Board of Education, the General Assembly, and the public.

Joint Vocational School District Funding

There are currently 49 joint vocational school districts (JVSDs) in existence. Under current law, JVSDs are funded using a parallel formula to that used for regular school districts. The current funding formula for JVSDs is described in detail on pages 57 to 59 of the special analysis section of this Redbook entitled "School Funding Complete Resource." Under the executive budget proposal JVSDs will not be funded using the Governor's proposed school funding model. The executive budget directs ODE to enter into a contract to conduct performance audits of JVSDs to inform the development of recommendations for a new funding model. The Partnership for Continued Learning is directed to establish a JVSD Funding Committee to study current JVSD programming and funding and issue a report by September 1, 2010 with recommendations for revisions to JVSD programming and funding. For the FY 2010-FY 2011 biennium, the executive budget proposes each JVSD receive an increase of 1.9% over the prior year's funding in each year.

Conversion Levies

The executive proposal offers certain school districts the option of proposing a new type of property tax levy to their voters. This new levy option is called a conversion levy because it converts existing current expense levies, which are fixed-rate levies and subject to H.B. 920 tax reduction factors, to a fixed-sum levy, which is much like the emergency levy currently being used in many districts. Adopting a conversion levy would allow districts to drop their class 1 (residential and agricultural) real property current expense millage down to the H.B. 920 floor of 20 mills. Once the millage reaches the floor, H.B. 920 tax reduction factors no longer have an effect, so that

tax revenues on these 20 current expense mills increase when class 1 real property values increase due to inflation. Tax revenues received from the conversion levy itself will not increase with inflation. A fixed-sum levy such as the conversion levy is designed to raise a fixed sum of revenue each tax year regardless of the property value in the district.

The executive proposal would hold harmless school districts for the revenue losses that would result from the conversion levy. Under the Ohio Constitution, if levy millage is reduced, the full levy must be reduced, including the gross millage rate (charged to public utility tangible property), the class 2 millage rate (charged to commercial and industrial real property), and the class 1 millage rate. Tax rates for class 1 and class 2 must stay proportional to the tangible rate. Furthermore, generally for any given levy, the gross millage rate and the class 2 millage rate are higher than the class 1 millage rate. Therefore, if the class 1 millage rate is reduced to be replaced by a conversion levy, the class 2 and gross millage rates must also be reduced, generally to a greater degree than the class 1 rate. School districts will be reimbursed for the amount of tax revenue lost from commercial and industrial real property and public utility tangible property, phased out over the course of 13 years in increments equal to half of the inflationary revenue growth recognized in class 1 property due to the suspension of H.B. 920 tax reduction factors. As an added incentive to school districts, the executive budget proposes that, for the purposes of tangible personal property tax reimbursement, the converted millage be reimbursed until it expires, instead of the reimbursement being phased out by 2018.

Formula Phantom Revenue

Formula phantom revenue refers to the phenomenon that would occur if the school funding formula were to assume school districts contributed a local share amount to the funding guaranteed by the formula that the districts did not actually have. If this were the case, the school funding formula would fail to actually guarantee the funding it calculated for each district. There is no formula phantom revenue under either the school funding formula in current law or the school funding formula proposed in the executive budget. Under current law, formula phantom revenue is eliminated by a component of the formula called the charge-off supplement or, more commonly, gap aid. Under the executive proposal, formula phantom revenue is eliminated by setting the local share requirement at 20 mills. Formula phantom revenue has also been referred to as type I phantom revenue. For further discussion of this phenomenon, please see pages 80 to 81, in the special analysis section of this Redbook entitled, "School Funding Complete Resource."

Reappraisal Phantom Revenue

The phenomenon often called reappraisal phantom revenue does not affect the funding guaranteed by the formula. Instead it affects school district's local revenues above the foundation formula level. The phenomenon occurs when a district's local share increases more than its tax revenue increases. The state still guarantees the foundation amount, but if the district raises local revenue above this amount, a portion of that local revenue may shift to cover the higher local share, leaving less to fund district expenses above the foundation level. This shift in local revenues is minimal for districts that are on the H.B. 920 20 mill floor, because these districts get growth in tax revenue on 20 mills of real property taxes versus other districts that only get growth on four to six mills. The executive's proposed conversion levy is a way of encouraging districts to drop their current expense mills to the 20 mill floor, so that reappraisal phantom revenue will be less of a problem for them. If a district does not pass a conversion levy, however, the reappraisal phantom revenue phenomenon remains. For further discussion of this phenomenon, please see pages 81 to 82 in the special analysis section of this Redbook entitled, "School Funding Complete Resource."

Other Major Budget Issues

Cleveland Municipal School District Early Adopter Project

As discussed above in the section entitled "School Funding Formula Changes," there are several components funded within the adequacy amount for the Governor's proposed school funding formula which are to be phased in at 25% for the FY 2010–FY 2011 biennium. The executive proposal exempts the Cleveland Municipal School District (CMSD) and fully funds CMSD under the Early Adopter Project.

In addition to full-funding of all components of the Governor's proposed school funding formula, the Early Adopter Project directs CMSD to undergo a curriculum audit and a business and operational management study and earmarks $1.0 million of appropriation item 200422, School Management Assistance, in each of FY 2010 and FY 2011 for the audit and study. The results are to be used by CMSD's chief executive officer, along with the recommendations of a Human Ware Audit, to identify systems redesign and school improvement strategies to create a five-year strategic plan.

CMSD is directed to hire a Chief Systems Redesign Officer who will work with ODE, the Systems Redesign Advisory Council, and the Transformational Leadership Team of each organizational unit to create a five-year redesign plan for each organizational unit. The Redesign Advisory Council is created to assist a Chief Systems Redesign Officer by making recommendations regarding the implementation of the systems redesign of each organizational unit and implementation of the recommendations of the curriculum audit, business and operational management study, and Human Ware Audit. The Transformational Leadership Teams in each of the

district's organizational units are created to implement the systems redesign for that organizational unit and define student success.

At the end of FY 2010, the chief executive officer of CMSD is to issue a report to the Governor and the Superintendent of Public Instruction demonstrating the progress toward meeting the recommendations of the curriculum audit and the business and management study. If the Superintendent determines there has not been sufficient progress toward meeting the recommendations in FY 2010, in FY 2011 CMSD will be ineligible for the funds earmarked for the Early Adopter Project in appropriation item 200422, School Management Assistance, and for transitional aid.

Extended School Year

The executive budget proposes to extend the learning year for school districts and STEM schools from the current 182 days to 202 days by FY 2018, phased in at four extra days per year per biennium. Community schools are required to extend from the current 920 hours to 1,010 hours. As such, in FY 2010 and FY 2011 the learning year for school districts and STEM schools must consist of 186 learning days and for community schools 930 hours.

All Day Kindergarten

As discussed above, the executive proposal counts all kindergarten students as "1," rather than "0.5," in ADM beginning in FY 2010 regardless of whether they receive full-day or half-day kindergarten services. However, by FY 2011 all districts are required to provide all-day kindergarten, although they must continue to accommodate kindergartners whose parents or guardians elect to enroll them only for half-day services. The executive proposal also eliminates the ability of districts to charge tuition or fees for all-day kindergarten services. A district can apply for a waiver of the requirement to provide all-day kindergarten from the Superintendent of Public Instruction, who may take into consideration space concerns and alternative delivery approaches when considering a waiver application.

Community Engagement

The executive proposal requires each school district, community school, and STEM school to appoint a family and community engagement team. The teams will consist of parents, health and human services representatives, representatives of local businesses, and other community members. Responsibilities of the teams include working with local county Family and Children First Councils to recommend qualifications and responsibilities to be included in the job description for family and community engagement coordinators, developing a five-year family and community engagement plan, and providing annual progress reports to the family and children first council.

Educator Quality

Teach Ohio

The executive proposal directs the Chancellor of the Board of Regents and the Superintendent of Public Instruction to establish and administer the Teach Ohio program. The purpose of Teach Ohio is to promote and encourage citizens of Ohio to consider teaching as a profession. As described below, Teach Ohio includes the Ohio Teaching Fellows Program, the Ohio Teacher Residency Program, and alternative licensure procedures. Additionally included is a program to be administered by a nonprofit with experience in encouraging high school students from economically disadvantaged groups to enter the teaching profession. The executive proposal appropriates $6.1 million in each fiscal year in a new line item, 200555, Teach Ohio. Of this amount $1.0 million is set-aside for the nonprofit-administered program. Other amounts appropriated for the Teach Ohio program are discussed below.

Ohio Teaching Fellows Program

The executive proposal directs the Chancellor, in conjunction with the Superintendent and with the cooperation of teacher training institutions, to establish and administer the Ohio Teaching Fellows program to promote and encourage high school seniors to become teachers. The program will provide scholarships for students who commit to four years of teaching in a hard-to-staff school or a school in academic watch or emergency within seven years of graduating from college. The scholarship selection process is to give additional consideration to students participating in the nonprofit-administered program also included in the Teach Ohio program that encourages economically disadvantaged high school students to become teachers, and to those planning to teach students with special needs or planning to teach within the STEM disciplines. If a scholarship recipient fails to fulfill the four year teaching obligation, then the scholarship converts to a loan subject to 10% annual interest. The executive budget appropriates $2.5 million to the Board of Regents, appropriation item 235442, Teacher Fellowship, for the Ohio Teaching Fellows Program in FY 2011.

Ohio Teacher Residency Program

The executive proposal directs the Superintendent and the Chancellor to establish the Ohio Teacher Residency Program by January 1, 2011. Based on the concept of a medical residency program, the Ohio Teacher Residency Program is a four-year, entry-level program for classroom teachers which includes mentoring by lead teachers, counseling regarding needed professional development, use of measures of student academic gain to evaluate teacher effectiveness, and measures of appropriate progression through the program.

Alternative Licensure

The executive proposal makes several changes to the existing requirements surrounding alternative licensure which allows mid-career professionals a means of becoming a teacher. One significant change is the requirement that applicants for alternative licensure must complete a pedagogical training institute which is to be developed by the Superintendent and the Chancellor. The institute is a six-week intensive learning experience in topics such as student development, assessment procedures, and classroom management. Previously, applicants for alternative licensure were required to have successfully completed three semester hours in coursework relating to teaching methods and three semester hours relating to the developmental characteristics of youth.

Additionally, the executive proposal grants the alternative resident educator license for a term of four years for teaching in grades four to twelve. Currently such licenses are granted for a period of two years in grades seven to twelve. Teachers granted alternative resident educator licenses, as with other entry-level teachers, are required to participate in the Ohio Teacher Residency Program as well. The executive budget appropriates $5.1 million for alternative licensure programs in both FY 2010 and FY 2011 in appropriation item 200555, Teach Ohio.

Teacher Licenses

The executive proposal revises the educator licensing frameworks. The new licensing framework is to be effective for newly licensed teachers beginning January 1, 2011. The four distinct licenses available are:

1. ***Resident Educator License*** – four-year, nonrenewable license for which the minimum requirements are a bachelor's degree from a teacher preparation program;
2. ***Professional Educator License*** – five-year, renewable license for which the minimum requirements are a bachelor's degree, successful completion of the Ohio Teacher Residency Program, and demonstration that students in the applicant's classroom have achieved an amount of academic gain designated by the State Board of Education;
3. ***Senior Professional Educator License*** – five-year, renewable license for which the minimum requirements are a master's degree, previous receipt of a Professional Educator License, meeting the "Accomplished" or "Distinguished" criteria in the Educator Standards Board's teacher standards, and demonstration that students in the applicant's classroom have achieved the designated amount of academic gain; and
4. ***Lead Professional Educator License*** – five-year, renewable license for which the minimum requirements are a master's degree, previous receipt of a Professional or Senior Professional Educator license, meeting the

"Accomplished" or "Distinguished" criteria in the Educator Standards Board's teacher standards, either certification from the National Board for Professional Teaching Standards or meeting the Educator Standards Board's criteria for a lead teacher, and demonstration that students in the applicant's classroom have achieved the designated amount of academic gain.

Teacher Tenure

The executive proposal revises the qualifications necessary for teacher tenure. For teachers licensed after January 1, 2011, to be eligible for tenure a teacher must hold a professional, senior professional, or lead professional education license; have held an educator license for at least nine years; and have completed 30 semester hours of related coursework since initial licensure if the teacher did not have a master's degree when originally licensed, or six semester hours of related coursework if the teacher did have a master's degree when originally licensed. Currently, to gain tenure, a teacher must hold a professional, permanent, or life educator license; and have completed 30 semester hours of related coursework since initial licensure if the teacher did not have a master's degree when originally licensed, or six semester hours of related coursework if the teacher did have a master's degree when originally licensed.

Standards and Accountability

Standards and Curricula

The executive proposal requires the State Board of Education, by June 30, 2010, and at least once every five years, to adopt new statewide academic standards for all grades in English language arts, math, science, and social studies. These new standards must specifically provide for:

1. Skill sets related to creativity and innovation, critical thinking and problem solving, and communication and collaboration;
2. Skill sets that promote information, media, and technological literacy;
3. Skill sets that promote flexibility and adaptability, initiative and self-direction, social and cross-cultural skills, productivity and accountability, and leadership and responsibility;
4. Interdisciplinary, project-based real world learning opportunities; and
5. Opportunities for the inclusion of community service learning.

After completing the above standards, the State Board is also required to adopt standards and model curricula for instruction in computer literacy, wellness literacy, financial literacy and entrepreneurship, fine arts, and foreign language for grades kindergarten through twelve. The executive proposal provides $5.8 million in each fiscal year in appropriation item 200427, Academic Standards, for development and implementation of academic standards and model curricula.

Assessments

The executive proposal requires the State Board of Education to develop revised state assessments that reflect the new academic standards discussed above. The State Board must replace each of the current achievement tests in grades three through eight with a new assessment, except that the individual assessments in reading and writing are to be combined into a single English language arts assessment (reducing the total number of assessments by two). In addition, the proposal reduces the reported levels of achievement on assessments from five to three by eliminating the accelerated and basic levels and retaining only the advanced, proficient, and limited skill levels. The executive proposal also repeals the current law restrictions on the dates and times for administering each assessment and instead requires the Superintendent of Public Instruction to designate these dates and times.

The executive proposal also requires the State Board, Superintendent, and the Chancellor of the Board of Regents to develop a new four-part high school assessment system to replace the Ohio Graduation Test (OGT). The four-part assessment is to be used to determine whether a student is ready to graduate with a high school diploma and is college or career ready. The four assessments are:

1. A nationally standardized college readiness assessment to measure student competencies in science, math, and language arts;
2. End-of-course exams in the areas of science, mathematics, language arts, and social studies;
3. A service learning project; and
4. A senior project to be completed individually or by a group of students.

Under the executive proposal, the State Board must adopt rules for the implementation of this new high school assessment system, which may include a timeline to phase-in the assessments if deemed necessary by the State Board.

Performance Audits

The executive proposal requires each school district, joint vocational school district, community school, and STEM school to undergo a performance audit at least once every five years. At the audit's conclusion, the district or school must present a timeline for implementing the audit recommendations, and then submit a progress report at the end of such timeline.

As with noncompliance with the spending plan requirements described above, if ODE determines that a school district, community school, or STEM school has failed to cooperate with a performance audit, fails to submit a response, or implement recommendations, the executive proposal directs a series of actions to occur either resulting in compliance with the performance audit requirements, or the revocation of a district's charter or the closing of the community or STEM school.

Early Childhood Education

Transfer of Authority for Early Childhood Programs

The executive proposal plans to transfer the authority and responsibility for early childhood programs and services, beginning with prenatal care through entry into kindergarten, from other state agencies to ODE. The executive proposal creates the Center for Early Childhood Development, comprised of staff from ODE, the Ohio Department of Job and Family Services (ODJFS), the Ohio Department of Health (ODH), and any other state agency as determined necessary by the Superintendent of Public Instruction. The Superintendent is to hire a Director of the Center, who must research and make recommendations regarding the transfer of responsibility and the coordination of early childhood programs and services. The Director of the Early Childhood Cabinet is directed to submit the recommendations to the Superintendent and Governor by August 31, 2009. The executive proposal does not include a specific appropriation for the Center and the transfer of services, however, allows that Controlling Board approval be sought to create new funds and non-GRF appropriation items, transfer cash between funds, or transfer the appropriation within the same fund of the same agency to support the preparation and implementation.

Additionally, the executive proposal creates the Early Childhood Advisory Council, with members appointed by the Governor, to serve as the federally mandated State Advisory Council on Early Childhood Education and Care. The Council is also to advise on the creation and duties of the Center for Early Childhood Development. Furthermore, the Council is directed to establish an Early Childhood Financing Workgroup to develop recommendations relating to a single financing system for early care and education programs. The Workgroup is to submit recommendations to the Governor by December 31, 2009.

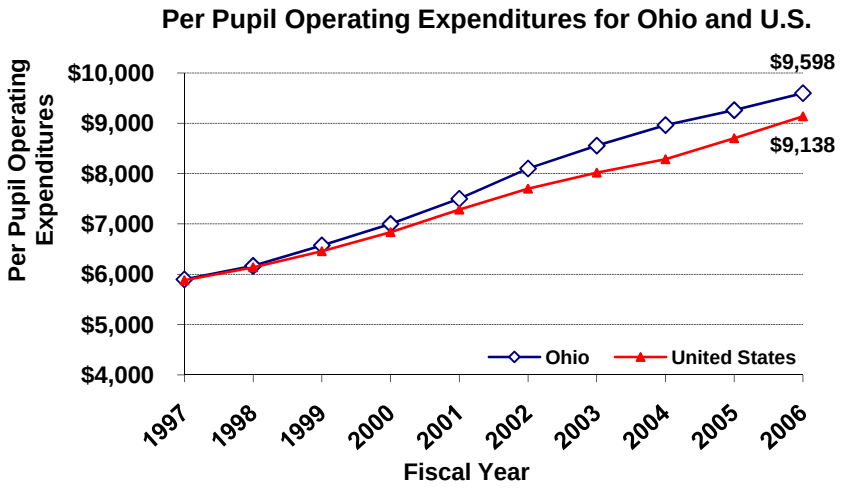
The Ohio State School for the Blind and the Ohio School for the Deaf

The executive proposal merges the Ohio State School for the Blind (OSB) and the Ohio School for the Deaf (OSD) into ODE. Under current law, although OSB and OSD are under the control and supervision of the State Board of Education and the Superintendent of Public Instruction, they operate as separate state agencies with their own budgets. The executive proposal shifts all appropriations for the schools to ODE's budget. Under the executive proposal, employees of the schools become employees of ODE and the superintendents of the schools become assistant superintendents within ODE.

Under the executive proposal, the Superintendent is required to study the viability of funding OSB and OSD through the evidence-based funding model proposed by the bill and to issue, by June 30, 2010, a report describing the findings and recommendations for a transparent, sustainable funding mechanism for the schools.

FACTS AND FIGURES

Ohio's Per Pupil Operating Expenditures Compared to the National Average



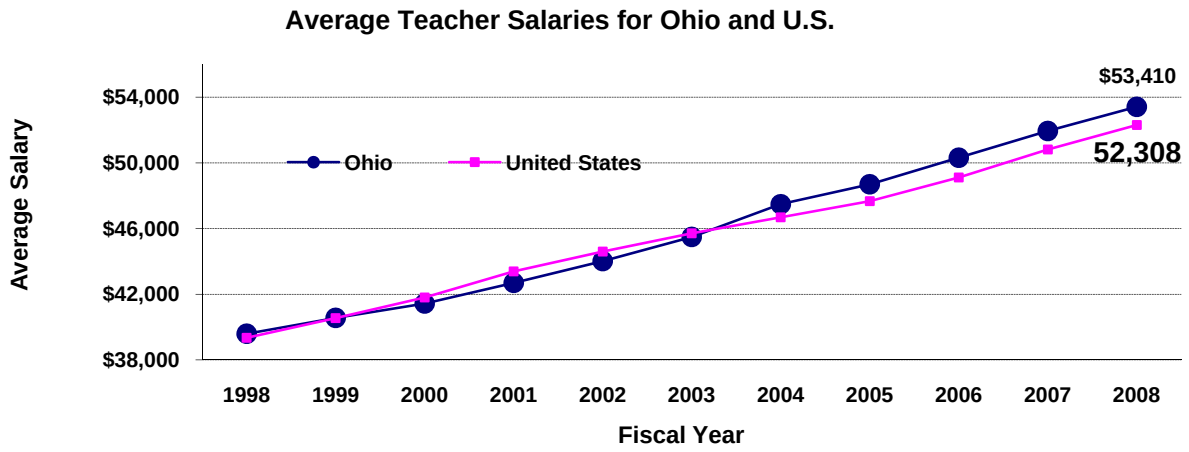
Source: United States Census Bureau

- In FY 2006, Ohio's public school per pupil operating expenditures were $9,598, $460 (5.0%) above the national average of $9,138.
- In FY 1997, Ohio's per pupil expenditures were only $15 (0.3%) above the national average. This gap widened until reaching $676 (8.2%) in FY 2004. The gap narrowed somewhat in FY 2005 and FY 2006.
- During the ten-year period from FY 1997 to FY 2006, Ohio's per pupil operating expenditures increased by $3,701 (62.8%). The national average increased $3,256 (55.4%). Inflation, as measured by the consumer price index (CPI), was 25.2%.
- In FY 2006, Ohio's per pupil operating expenditures of $9,598 ranked 17th among the 50 states. The following table shows the ranking and per pupil expenditures for Ohio's neighboring states. Ohio's per pupil expenditures were higher than all of these states except for Pennsylvania.

Public School Per Pupil Operating Expenditures for Neighboring States, FY 2006

Neighboring State	National Rank	Per Pupil Expenditures
Pennsylvania	11th	$11,028
Michigan	18th	$9,572
West Virginia	20th	$9,352
Indiana	23rd	$8,793
Kentucky	40th	$7,662

Ohio's Teacher Salaries Compared to the National Average



Sources: National Education Association; Ohio Department of Education

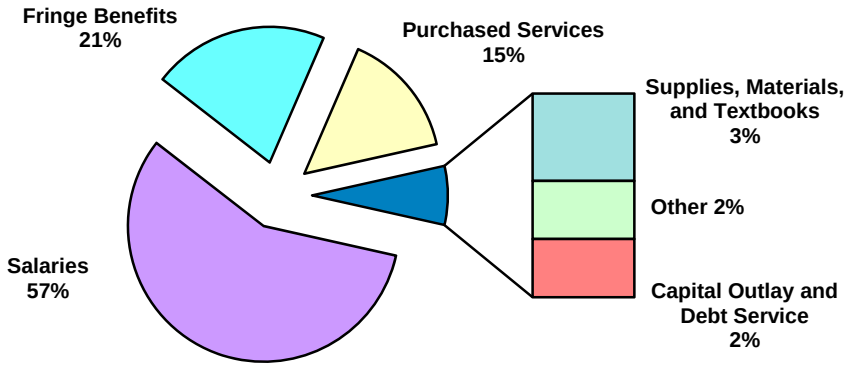
- After trending at or below the national average from FY 1998 to FY 2003, Ohio's average teacher salaries have been above the national average since FY 2004.
- Ohio's average teacher salary for FY 2008 was 2.1% ($1,102) higher than the national average.
- Ohio's average teacher salary increased by about 34.9% from $39,596 in FY 1998 to $53,410 in FY 2008. The national average increased by 32.9%, from $39,350 in FY 1998 to $52,308 in FY 2008. During the same period, inflation, as measured by the consumer price index (CPI), was 30.9%.
- In FY 2008, Ohio's average teacher salary of $53,410 ranked 14th in the nation. The following table shows the ranking and average teacher salary for Ohio's neighboring states. Ohio's average teacher salary was higher than all of these states except Pennsylvania and Michigan.

Average Teacher Salaries for Neighboring States, FY 2007		
Neighboring State	**National Rank**	**Average Salary**
Michigan	11th	$55,833
Pennsylvania	13th	$56,096
Indiana	22rd	$48,508
Kentucky	27th	$47,207
West Virginia	47th	$42,529

- In FY 2008, the average beginning salary in Ohio was $30,962 for teachers with bachelor's degrees and $37,357 for those with master's degrees. Overall, Ohio ranks 35th nationally in average beginning teacher salaries.

Breakdown of School District Spending by Object of Expense

Breakdown of a Typical School District Budget, FY 2008



Source: Ohio Department of Education

- Salaries and fringe benefits account for approximately 78% of school district general fund budgets statewide in FY 2008. This percentage has decreased over the past five years from 81% in FY 2004.
- The portion of school district budgets spent on fringe benefits has increased from 20% in FY 2004 to 21% in FY 2008, while the portion spent on salaries has decreased from 61% in FY 2004 to 57% in FY 2008.
- In recent years, largely due to the rapid growth in health insurance premiums, the cost of fringe benefits has increased dramatically. This cost amounted to 36% of the cost of salaries in FY 2008, up from 33% in FY 2004.
- As the percentage of district budgets spent on salaries has declined, the percentage spent on purchased services such as pupil transportation, utilities, maintenance and repairs, and other services not provided by district personnel has increased, from 12% in FY 2004 to 15% in FY 2008.
- State law requires each school district to set aside a uniform per pupil amount (equal to 3% of the previous year's base cost formula amount) for textbooks and instructional materials and for capital and maintenance needs. In FY 2009, the required set-aside amount is about $167 per pupil for each category.

Per Pupil Operating Spending By District Comparison Group

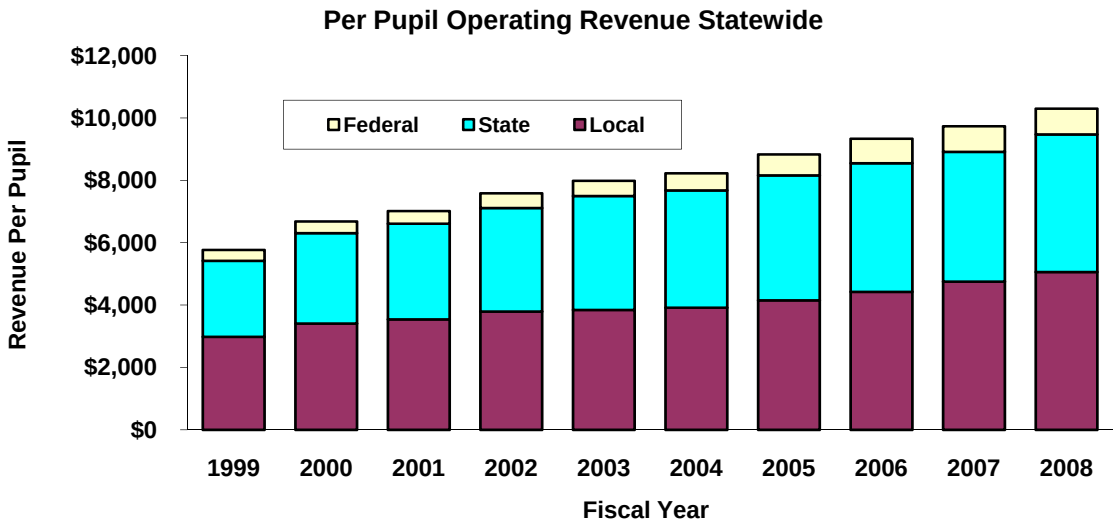
Spending Per Pupil by District Comparison Group, FY 2008				
Comparison Group – Description		Number of Districts	Enrollment %	Spending Per Pupil
Rural	Very low socioeconomic status (SES), very high poverty	97	9.0%	$8,930
Small Rural	Low SES, low poverty	161	12.4%	$8,475
Rural Town	Average SES, average poverty	81	7.8%	$8,676
Urban	Low SES, high poverty	102	15.7%	$9,549
Major Urban	Very high poverty	15	16.1%	$12,593
Suburban	High SES, moderate poverty	107	24.2%	$9,653
Suburban	Very high SES, low poverty	46	14.8%	$10,818
State Total*		**609**	**100%**	**$9,991**

* Three small outlier districts are not included.

Source: Ohio Department of Education

- In FY 2008, the average per pupil spending for different district comparison groups varied from a low of $8,475 for small rural, low poverty districts to a high of $12,593 for major urban, very high poverty districts. The state average was $9,991.
- Rural districts tend to have the lowest spending per pupil, averaging $8,669 per pupil for the three rural comparison groups, which is 13.2% ($1,322) below the state average. These districts include 29.2% of total state enrollment.
- Very high poverty major urban districts and the highest income suburban districts had the highest spending per pupil among all district comparison groups in FY 2008, spending 26.0% ($2,602) and 8.3% ($827), respectively, above the state average.
- About 80.6% of all districts spent between 20% below ($7,993) and 20% above ($11,989) the state average.
- On average, school districts spent 55.4% on instruction, 19.7% on building operations, 11.7% on administration, 10.1% on pupil support, and 3.1% on staff support.
- This spending allocation varies only slightly across district comparison groups. Rural districts tend to spend a higher than average percentage on building operations, which includes pupil transportation, and urban districts tend to spend a higher than average percentage on staff support.

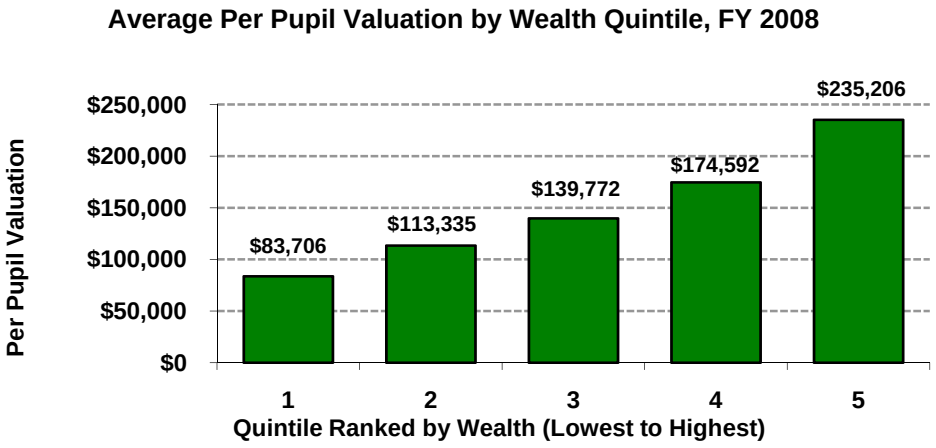
Per Pupil Operating Revenue for Schools



Source: Ohio Department of Education

- Schools' per pupil operating revenue in Ohio from all sources increased 58.1% from $6,682 in FY 1999 to $10,565 in FY 2008.
- During this ten-year period, local revenue per pupil increased 49.7% from $3,407 to $5,100; state revenue per pupil increased 58.8% from $2,898 to $4,601; and federal revenue per pupil increased 129.2% from $377 to $864.
- Local revenues comprised 51.0% of total school revenues in FY 2008. Locally voted property taxes and school district income taxes accounted for 97.2% and 2.8%, respectively, of local revenues.
- State revenues comprised 43.5% of total school revenues in FY 2008. State funding comes mainly from the General Revenue Fund, which receives revenues primarily from the state income and sales taxes. Most state funds are distributed through the school funding formula, while some are distributed through competitive and noncompetitive grants.
    - The school funding formula targets funds so that districts have a similar level of revenues per pupil to provide a common basic education, as defined by the state, regardless of each district's capacity to raise local revenue. The effects of this policy are described in the following pages.
- Federal revenues comprised 8.2% of total school revenues in FY 2008. Federal revenues mainly target special education and disadvantaged students.
    - With passage of the No Child Left Behind Act of 2001, the federal share of total school revenues has increased from an average of 6.1% from FY 1999 to FY 2003 to an average of 8.2% from FY 2004 to FY 2008.

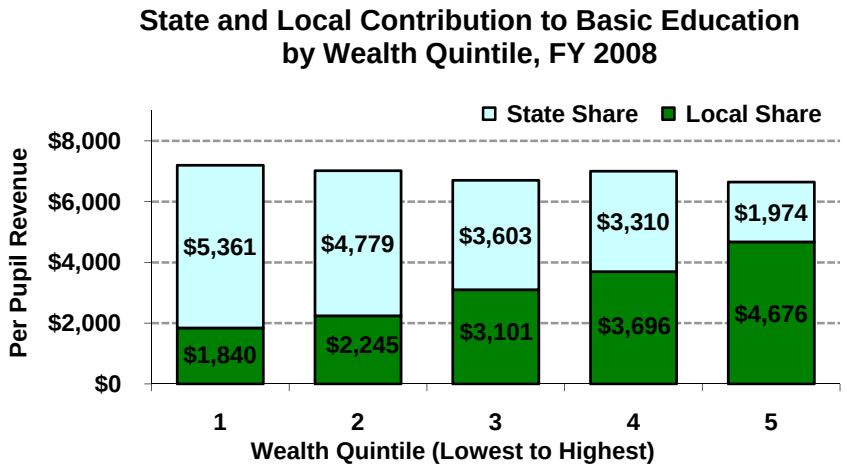
Average Per Pupil Valuation by District Wealth



Sources: Ohio Department of Taxation; Ohio Department of Education

- In FY 2008, approximately 20% of Ohio's students resided in school districts with per pupil property valuations that averaged about $84,000 while another 20% resided in school districts with per pupil property valuations that averaged about $235,000. The statewide average valuation was $148,978 per pupil.
- A 20-mill (2%) property tax levy generates $1,680 per pupil for a district with a valuation per pupil of $84,000 and $4,700 per pupil for a district with a valuation per pupil of $235,000.
- Since locally voted property tax levies represent 97.2% of school district local revenues, per pupil valuation (also called district property wealth) indicates each district's capacity to raise local revenue.
- To create the quintiles used on this and the following three pages, school districts are first ranked from lowest to highest in property valuation per pupil. They are then divided into five groups, each of which includes approximately 20% of total students statewide. As can be seen in the chart above, districts in quintile 1 have the lowest wealth and districts in quintile 5 have the highest wealth.
- Since FY 1991, a major goal of the state's school funding formula is to neutralize the effect of local property wealth disparities on students' access to a common, basic level of education as defined by the state.
- The state's approach is to "equalize" a certain amount of local tax effort up to a state-defined level. To achieve this goal, the formula first assumes a local contribution based on a uniform tax rate (for example, 23 mills or 2.3%). The total amount of the local contribution will depend on the district's wealth – its capacity to raise local revenue. The formula then requires the state to make up the difference – up to the state-defined level – so that each district has an *equal* amount of revenue per pupil for the same tax effort.

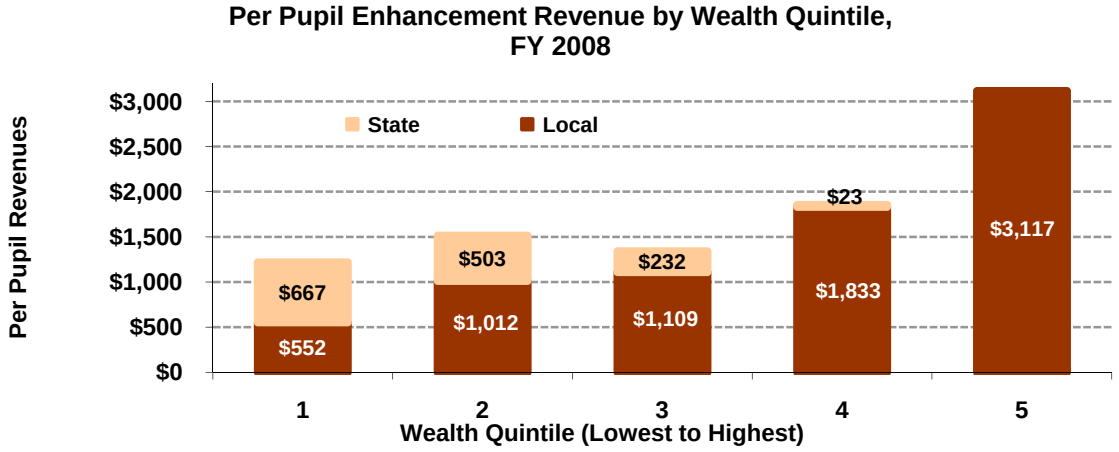
Funding for State-Defined Basic Education by Wealth Quintile



Source: Ohio Department of Education

- Total district basic education revenue per pupil shows little difference across districts in spite of the wide variance in district wealth levels because the relatively low local contributions of lower wealth districts are offset by relatively high state contributions.
- Small variances in average basic education revenue over quintiles are due to differences in the needs of students and districts (for example, disadvantaged or special education students), not to disparities in district wealth.
- The local contribution to the basic education level is determined by assuming a uniform tax effort on the part of taxpayers in each district (a uniform tax rate). This same tax rate raises more revenue in higher wealth districts than in lower wealth districts.
- In FY 2008, the revenue raised for the local contribution varied from an average of $1,840 per pupil in quintile 1 to an average of $4,676 per pupil in quintile 5.
- The state contribution is determined by making up the difference between the local contribution and the state-defined basic education level. In this way the state "equalizes" the tax effort put forth in each district – the state ensures that each district receives the same per pupil revenue up to the basic education revenue level.
- In FY 2008, the revenue from the state contribution varied from an average of $5,361 per pupil in quintile 1 to an average of $1,974 per pupil in quintile 5.

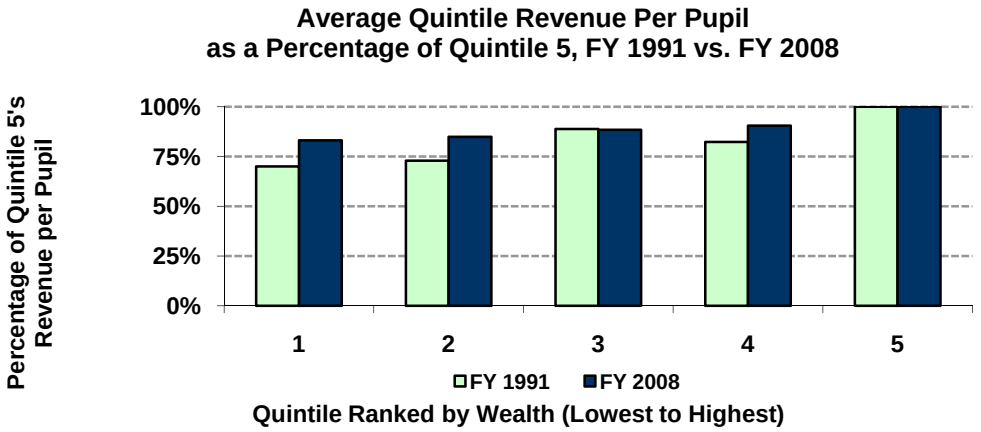
Funding for Enhancement Revenue by Wealth Quintile



Source: Ohio Department of Education

- Although revenue disparities based on wealth do not exist at the state-defined basic education level, as seen on the prior page, these disparities persist in the revenues at the level above the basic education level. These revenues are called enhancement revenues.
- Local enhancement revenues are determined by a combination of the wealth of the district as well as the ability and willingness of the district's taxpayers to approve taxes above the amount needed for the local share of basic education.
- The biggest disparity occurs between the highest wealth quintile and the other four quintiles. The average per pupil enhancement revenue in quintile 5 ($3,117) is 67.9% more than that in quintile 4 ($1,856). Quintile 5 districts raise all their enhancement revenues locally.
- Although state revenue is concentrated on the state-defined basic education, the state provides lower wealth districts a subsidy called parity aid that supplements locally raised enhancement revenues. In FY 2008, parity aid totaled $478.5 million. It is distributed based on district wealth.
- For the state as a whole, the state share of total enhancement revenues in FY 2008 was 15.6%. This share averaged 54.7% for quintile 1, 33.2% for quintile 2, 17.3% for quintile 3, and 1.2% for quintile 4. Districts in quintile 5 did not qualify for parity aid.
- Parity aid has had a significant equalizing effect on enhancement revenue for districts in the bottom two quintiles as compared to the districts in quintile 4. Without parity aid, average per pupil enhancement revenues for quintiles 1 and 2 would be 30.1% and 55.2%, respectively, of those for quintile 4. With parity aid these percentages increase to 65.7% and 81.6%.

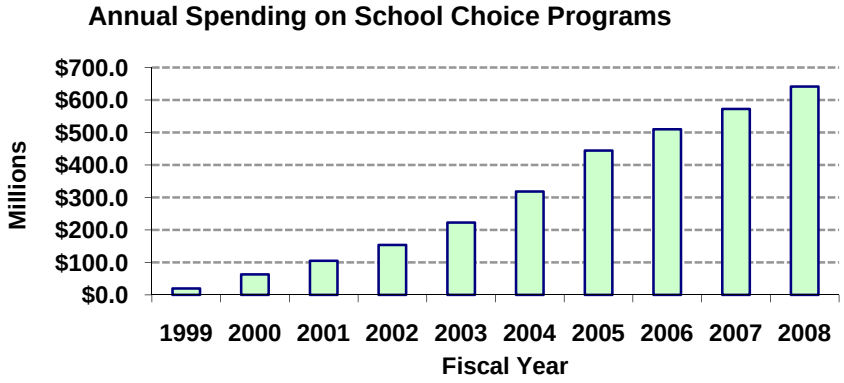
Comparison of Interdistrict Equity Based on Wealth Quintile



Source: School Foundation Payment Data, Ohio Department of Education

- From FY 1991 to FY 2008, except for quintile 3, the average revenue per pupil of the districts in the lower quintiles got closer to that of the highest wealth districts (those in quintile 5).
- The biggest changes came in the two lowest wealth quintiles. In FY 1991, the districts in quintile 1 received on average 70.0% of the revenue received by the districts in quintile 5. By FY 2008 the districts in quintile 1 received 83.1% of the revenue received by the districts in quintile 5. Likewise the percentage for quintile 2 rose from 72.9% in FY 1991 to 84.9% in FY 2008.
- In FY 2008, the average revenue per pupil for the bottom four quintiles (representing 80% of students) was 86.7% of the average revenue per pupil for the highest wealth quintile, up from 78.5% in FY 1991.
- From FY 1991 to FY 2008, per pupil revenues grew on average by 157.7% ($5,859) in quintile 1, 152.4% ($5,903) in quintile 2, 115.9% ($5,468) in quintile 3, 138.6% ($6,057) in quintile 4, and 116.9% ($6,211) in quintile 5.
- A few very wealthy districts continued to raise revenues well above the state average of about $10,000 per pupil in FY 2008. In fact, two districts raised over $20,000 per pupil.
- In FY 1991, approximately 76% of the variation in per pupil revenue across districts could be explained by the variation in per pupil valuation. In FY 2007, this percentage has dropped to about 31%. This means that the amount of financial resources available for the education of a student now depends less on the wealth of the district where the student lives than it did in FY 1991.

School Choice Program Spending



Source: Ohio Department of Education

- Ohio school choice programs include community schools, the Cleveland Scholarship and Tutoring Program (CSTP), the Educational Choice Scholarship Program, and the Autism Scholarship Program. Spending on these programs has increased from $19.7 million in FY 1999 to $641.3 million in FY 2008.
- Unlike traditional public schools, community schools do not have taxing authority and are funded primarily through state education aid transfers. Since the establishment of community schools in FY 1999, the amount of state education aid transfers has increased from $11.0 million to $586.2 million in FY 2008. Community school enrollment has increased from 2,245 to 82,682.
- The CSTP provides state-funded scholarships for students in the Cleveland Municipal School District to attend public schools outside Cleveland and private schools. Since its establishment in FY 1997, the number of CSTP scholarship students has increased from 1,994 to 6,272 in FY 2008. State expenditures for CSTP have increased from $5.0 million to $17.6 million in FY 2008.
- Starting in FY 2007, the Educational Choice Scholarship Program has provided scholarships to students (excluding students in the Cleveland Municipal School District) who attend or would otherwise be entitled to attend a school that has been in academic emergency or academic watch for at least three consecutive years. The number of students receiving scholarships increased from 3,169 in FY 2007 to 7,144 in FY 2008 while state expenditures for the program increased from $10.4 million to $25.5 million during the same period.
- The Autism Scholarship Program, established in FY 2004, permits the parent of a qualified autistic child to send the child to a special education program, instead of the one operated by or for the school district in which the child is entitled to attend school. Since its inception in FY 2004, funding for the program has increased from $3.3 million to $12.1 million in FY 2008. Scholarships are financed by state aid deductions from scholarship recipients' districts of residence.

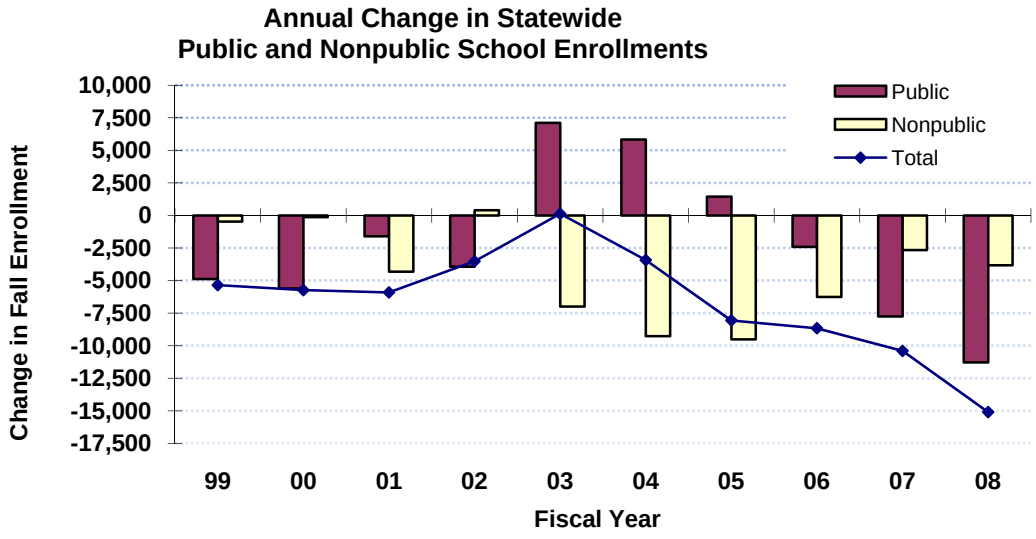
Ohio Schools Show Improvement on Report Card Ratings

Number of Districts by Report Card Rating, FY 2004-FY 2008					
Rating	2004	2005	2006	2007	2008
Excellent with Distinction	-	-	-	-	74
Excellent	117	111	192	139	152
Effective	229	297	299	347	292
Continuous Improvement	224	175	112	113	83
Academic Watch	34	21	7	11	9
Academic Emergency	4	5	0	0	0

Source: Ohio Department of Education

- In FY 2008, 518 districts (84.9%) were rated effective or higher, compared to 346 districts (56.9%) in FY 2004. The total in FY 2008 includes 74 districts that received the Excellent with Distinction designation that was awarded for the first time in FY 2008.
- A district's report card rating depends on four basic measurements: (1) the number of state academic standards met, (2) the performance index score, (3) whether adequate yearly progress (AYP) has been met, and (4) the value-added designation. The value-added designation is included as part of the report card for the first time in FY 2008.
- Ohio's 30 academic standards include minimum proficient rates on all 28 achievement tests, as well as minimum graduation and student attendance rates. In FY 2004, the state as a whole met 8 out of a possible 18 standards at that time. In FY 2008, the state met 18 of the current 30 standards.
- The performance index, ranging from 0 to 120, is a composite measure of achievement of all students on all achievement tests. The index for the state as a whole improved from 86.6 in FY 2004 to 92.3 in FY 2008.
- AYP, a rating established by the federal No Child Left Behind Act, requires districts to meet annual performance goals for student subgroups. In FY 2004, 689 districts (64.0%) met AYP, compared to 314 districts (51.5%) in FY 2008.
- The new value-added measure tracks an individual student's test scores from one year to another. Districts are rated on how their students' academic growth, as measured by the achievement tests, compares to the expected growth standard set by the state. In FY 2008, 274 districts (44.9%) were above, 142 districts (23.3%) had met, and 194 districts (31.8%) were below the expected growth standard.

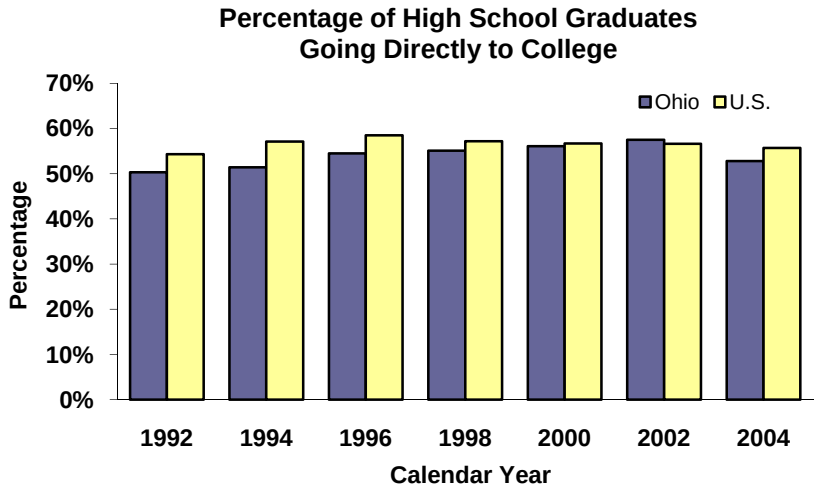
Changes in Public and Nonpublic School Enrollments



Source: Ohio Department of Education

- Since FY 1999 total school enrollment has decreased by an average of about 6,000 students (0.3%) per year.
- Total school enrollment decreased from nearly 2.09 million students in FY 1999 to 2.02 million students in FY 2008, a decrease of 60,700 students (2.9%).
- Of the total enrollment decrease since FY 1999, 70.0% (42,500) occurred in nonpublic schools. This represents a 17.5% decline in nonpublic school enrollment over those ten years, compared to a 1.0% decline in public school enrollment.
- Public school enrollment increased in fiscal years 2003, 2004, and 2005. These increases were offset by decreases in nonpublic school enrollment.
- In FY 2008, nonpublic school enrollment represented approximately 10.0% of total public and nonpublic students in Ohio, compared to 11.7% in FY 1999.
- Although public school enrollment has declined by about 18,000 students from FY 1999 to FY 2008, the number of public school students categorized as needing special education services has increased significantly. Total special education students increased by 51,250 from about 211,400 (10.1% of total) in FY 1999 to 262,700 (13.0% of total) in FY 2008, an increase of 24.2%.

Percentage of Ohio High School Graduates Going Directly to College



Sources: ACT; College Board; NCHEMS; Ohio Board of Regents

- After 12 years of growth, the percentage of Ohio high school graduates going directly to college fell 4.7 percentage points from 57.5% to 52.8% between FY 2002 and FY 2004. The national average also fell slightly by 0.9 percentage point from 56.6% to 55.7% in the same period.
- From 1992 to 2004, the percentage of Ohio high school graduates going directly to college has been below the national average every year except 2002. In 2004, Ohio's percentage was 2.9 percentage points below the national average.
- These data look only at graduates going directly to college. Some high school graduates delay entry into college. Of Ohio's first-time college freshmen in the fall of 2006, 73.2% had come directly from high school while 26.8% had delayed entry to college for at least one year after high school graduation.
- Graduates who delay entry to college are more likely to attend a two-year institution. In 2006, 69.3% of Ohio's first-time college freshmen who delayed college entry attended two-year institutions compared to 19.9% of those who entered college directly.
- ACT and SAT scores are indicators that help predict how well students will perform in college. Since FY 1992 ACT and SAT scores for Ohio high school seniors have been consistently higher than the national average.
- The average Ohio ACT score was 21.6 in 2007, in comparison with the national average of 21.2. The average Ohio SAT score was 1600 in FY 2007, in comparison with the national average of 1511.

ANALYSIS OF EXECUTIVE PROPOSAL

Introduction

This section provides an analysis of the Governor's recommended funding for each appropriation item in EDU's budget. In this analysis, EDU's line items are grouped into 12 major categories. For each category a table is provided listing the recommended appropriation in each fiscal year of the biennium. Following the table, a narrative describes how the appropriation is used and any changes affecting the appropriation that are proposed by the Governor. If the appropriation is earmarked, the earmarks are listed and described. The 12 categories used in this analysis are as follows:

1. Basic Public School Support;
2. Property Tax Reimbursements;
3. Educational Enhancements;
4. Nonpublic School Support;
5. School Operations Support;
6. Academic Achievement;
7. Early Childhood Education;
8. Adult Education;
9. Educator Quality;
10. Curriculum, Assessment, and Accountability;
11. Ohio State School for the Blind and Ohio School for the Deaf; and
12. State Administration.

To aid the reader in finding each item in the analysis, the following table shows the category in which each appropriation has been placed, listing the line items in order within their respective fund groups and funds. This is the same order the line items appear in the budget bill.

Categorization of EDU's Appropriation Line Items for Analysis of Executive Proposal				
Fund	**ALI and Name**		**Category**	
General Revenue Fund Group				
GRF	200100	Personal Services	12:	State Administration
GRF	200320	Maintenance and Equipment	12:	State Administration
GRF	200408	Early Childhood Education	7:	Early Childhood Education
GRF	200416	Career-Technical Education Match	1:	Basic Public School Support
GRF	200420	Computer/Application/Network Development	12:	State Administration
GRF	200421	Alternative Education Programs	6:	Academic Achievement
GRF	200422	School Management Assistance	5:	School Operations Support
GRF	200424	Policy Analysis	10:	Curriculum, Assessment, and Accountability
GRF	200425	Tech Prep Consortia Support	3:	Educational Enhancements
GRF	200426	Ohio Educational Computer Network	5:	School Operations Support
GRF	200427	Academic Standards	10:	Curriculum, Assessment, and Accountability
GRF	200431	School Improvement Initiatives	6:	Academic Achievement
GRF	200437	Student Assessments	10:	Curriculum, Assessment, and Accountability
GRF	200439	Accountability/Report Cards	10:	Curriculum, Assessment, and Accountability
GRF	200442	Child Care Licensing	7:	Early Childhood Education
GRF	200446	Education Management Information System	10:	Curriculum, Assessment, and Accountability
GRF	200447	GED Testing	8:	Adult Education
GRF	200448	Educator Preparation	9:	Educator Quality
GRF	200455	Community Schools	1:	Basic Public School Support
GRF	200457	STEM Initiatives	6:	Academic Achievement
GRF	200458	Public School Employees Health Care Board	5:	School Operations Support
GRF	200502	Pupil Transportation	1:	Basic Public School Support
GRF	200503	Bus Purchase Allowance	5:	School Operations Support
GRF	200505	School Lunch Match	5:	School Operations Support
GRF	200511	Auxiliary Services	4:	Nonpublic School Support
GRF	200532	Nonpublic Administrative Cost Reimbursement	4:	Nonpublic School Support
GRF	200540	Special Education Enhancements	3:	Educational Enhancements
GRF	200541	Special Education – Federal Stimulus	1:	Basic Public School Support
GRF	200545	Career-Technical Education Enhancements	3:	Educational Enhancements
GRF	200550	Foundation Funding	1:	Basic Public School Support
GRF	200551	Foundation Funding – Federal Stimulus	1:	Basic Public School Support
GRF	200555	Teach Ohio	9:	Educator Quality
GRF	200578	Violence Prevention and School Safety	6:	Academic Achievement
GRF	200609	Poverty Funding – Federal Stimulus	1:	Basic Public School Support

Categorization of EDU's Appropriation Line Items for Analysis of Executive Proposal				
Fund	**ALI and Name**		**Category**	
GRF	200901	Property Tax Allocation – Education	2:	Property Tax Reimbursements
GRF	221100	Personal Services – OSD	11:	Ohio State School for the Blind and Ohio School for the Deaf
GRF	221200	Maintenance – OSD	11:	Ohio State School for the Blind and Ohio School for the Deaf
GRF	221300	Equipment – OSD	11:	Ohio State School for the Blind and Ohio School for the Deaf
GRF	226100	Personal Services – OSB	11:	Ohio State School for the Blind and Ohio School for the Deaf
GRF	226200	Maintenance – OSB	11:	Ohio State School for the Blind and Ohio School for the Deaf
GRF	226300	Equipment – OSB	11:	Ohio State School for the Blind and Ohio School for the Deaf
General Services Fund Group				
1380	200606	Computer Services – Operational Support	12:	State Administration
4520	200638	Miscellaneous Educational Services	12:	State Administration
4H80	226602	Education Reform Grants – OSB	11:	Ohio State School for the Blind and Ohio School for the Deaf
4L20	200681	Teacher Certification and Licensure	9:	Educator Quality
4M10	221602	Education Reform Grants – OSD	11:	Ohio State School for the Blind and Ohio School for the Deaf
5960	200656	Ohio Career Information System	3:	Educational Enhancements
5H30	200687	School District Solvency Assistance	5:	School Operations Support
Federal Special Revenue Fund Group				
3090	200601	Educationally Disadvantaged	3:	Educational Enhancements
3100	226626	Coordinating Unit – OSB	11:	Ohio State School for the Blind and Ohio School for the Deaf
3110	221625	Coordinating Unit – OSD	11:	Ohio State School for the Blind and Ohio School for the Deaf
3670	200607	School Food Services	5:	School Operations Support
3680	200614	Veterans' Training	8:	Adult Education
3690	200616	Career-Technical Education Federal Enhancement	3:	Educational Enhancements
3700	200624	Education of Exceptional Children	3:	Educational Enhancements
3740	200647	Troops to Teachers	9:	Educator Quality
3780	200660	Learn and Serve	6:	Academic Achievement
3AD0	221604	VREAL Ohio	11:	Ohio State School for the Blind and Ohio School for the Deaf
3AF0	200603	Schools Medicaid Administrative Claims	3:	Educational Enhancements
3AN0	200671	School Improvement Grants	6:	Academic Achievement
3AX0	200698	Improving Health and Educational Outcomes of Young People	6:	Academic Achievement

Categorization of EDU's Appropriation Line Items for Analysis of Executive Proposal				
Fund	**ALI and Name**		**Category**	
3BK0	200628	Longitudinal Data Systems	10:	Curriculum, Assessment, and Accountability
3BV0	200636	Character Education	6:	Academic Achievement
3C50	200661	Early Childhood Education	7:	Early Childhood Education
3CF0	200644	Foreign Language Assistance	6:	Academic Achievement
3CG0	200646	Teacher Incentive Fund	9:	Educator Quality
3D10	200664	Drug Free Schools	6:	Academic Achievement
3D20	200667	Honors Scholarship Program	9:	Educator Quality
3H90	200605	Head Start Collaboration Project	7:	Early Childhood Education
3L60	200617	Federal School Lunch	5:	School Operations Support
3L70	200618	Federal School Breakfast	5:	School Operations Support
3L80	200619	Child/Adult Food Programs	5:	School Operations Support
3L90	200621	Career-Technical Education Basic Grant	1:	Basic Public School Support
3M00	200623	ESEA Title 1A	1:	Basic Public School Support
3M10	200678	Innovative Education	3:	Educational Enhancements
3M20	200680	Individuals with Disabilities Education Act	1:	Basic Public School Support
3P50	226643	Medicaid Professional Services Reimbursement – OSB	11:	Ohio State School for the Blind and Ohio School for the Deaf
3R00	221684	Medicaid Professional Services Reimbursement – OSD	11:	Ohio State School for the Blind and Ohio School for the Deaf
3S20	200641	Education Technology	3:	Educational Enhancements
3T40	200613	Public Charter Schools	5:	School Operations Support
3Y10	221686	Early Childhood Grant	11:	Ohio State School for the Blind and Ohio School for the Deaf
3Y20	200688	21st Century Community Learning Centers	6:	Academic Achievement
3Y40	200632	Reading First	6:	Academic Achievement
3Y60	200635	Improving Teacher Quality	9:	Educator Quality
3Y70	200689	English Language Acquisition	6:	Academic Achievement
3Y80	200639	Rural and Low Income Technical Assistance	3:	Educational Enhancements
3Z20	200690	State Assessments	11:	Curriculum, Assessment, and Accountability
3Z30	200645	Consolidated Federal Grant Administration	12:	State Administration
3Z70	200697	General Supervisory Enhancement Grant	12:	State Administration
State Special Revenue Fund Group				
4540	200610	Guidance and Testing	8:	Adult Education
4550	200608	Commodity Foods	5:	School Operations Support
4M00	221601	Educational Program Expenses	11:	Ohio State School for the Blind and Ohio School for the Deaf
4M50	226601	Work Study and Technology Investment	11:	Ohio State School for the Blind and Ohio School for the Deaf
4R70	200695	Indirect Operational Support	12:	State Administration

Categorization of EDU's Appropriation Line Items for Analysis of Executive Proposal				
Fund	**ALI and Name**		**Category**	
4V70	200633	Interagency Operational Support	12:	State Administration
5980	200659	Auxiliary Services Reimbursement	4:	Nonpublic School Support
5BB0	200696	State Action for Education Leadership	9:	Educator Quality
5BJ0	200626	Half-Mill Maintenance Equalization	1:	Basic Public School Support
5H60	221609	Even Start Fees and Gifts	11:	Ohio State School for the Blind and Ohio School for the Deaf
5U20	200685	National Education Statistics	10:	Curriculum, Assessment, and Accountability
5W20	200663	Early Learning Initiative	7:	Early Childhood Education
5X90	200911	NGA STEM	6:	Academic Achievement
6200	200615	Educational Improvement Grants	12:	State Administration
Lottery Profits Education Fund Group				
7017	200612	Foundation Funding	1:	Basic Public School Support
Revenue Distribution Fund Group				
7047	200909	School District Property Tax Replacement – Business	2:	Property Tax Reimbursements
7053	200900	School District Property Tax Replacement – Utility	2:	Property Tax Reimbursements

Basic Public School Support

This category of appropriations includes the major sources of state and federal formula-driven support for public schools.

Governor's Recommended Amounts for Basic Public School Support						
Fund	**ALI**	**Title**		**FY 2010**		**FY 2011**
General Revenue Fund (GRF)						
GRF	200416	Career-Technical Education Match	$	2,233,195	$	2,233,195
GRF	200455	Community Schools	$	497,404,384	$	533,686,539
GRF	200502	Pupil Transportation	$	438,222,619	$	438,222,619
GRF	200541	Special Education – Federal Stimulus	$	224,806,500	$	224,806,500
GRF	200550	Foundation Funding	$	4,888,191,136	$	4,851,912,026
GRF	200551	Foundation Funding – Federal Stimulus	$	277,583,913	$	532,449,362
GRF	200609	Poverty Funding – Federal Stimulus	$	236,199,000	$	236,199,000
		General Revenue Fund Subtotal	**$**	**6,564,640,747**	**$**	**6,819,509,241**
Federal Special Revenue Fund (FED)						
3L90	200621	Career-Technical Education Basic Grant	$	48,029,701	$	48,029,701
3M00	200623	ESEA Title 1A	$	514,000,000	$	514,000,000
3M20	200680	Individuals with Disabilities Education Act	$	405,000,000	$	405,000,000
		Federal Special Revenue Fund Subtotal	**$**	**967,029,701**	**$**	**967,029,701**
State Special Revenue Fund (SSR)						
5BJ0	200626	Half-Mill Maintenance Equalization	$	10,700,000	$	10,700,000
		State Special Revenue Fund Subtotal	**$**	**10,700,000**	**$**	**10,700,000**
Lottery Profits Education Fund (LPE)						
7017	200612	Foundation Funding	$	705,000,000	$	711,000,000
		Lottery Profits Education Fund Subtotal	**$**	**705,000,000**	**$**	**711,000,000**
Total Funding: Basic Public School Support			**$**	**8,247,370,448**	**$**	**8,508,238,942**

Foundation Funding (200455, 200541, 200550, 200551, 200609, and 200612)

The executive budget proposes increases of $130.0 million (1.9%) in FY 2010 and $260.9 million (3.8%) in FY 2011 for these six line items combined. These items are the main source of state foundation payments, as calculated by the Governor's proposed school funding model, to all school districts, community schools, and joint vocational school districts in the state. Allocations are based on the school foundation formulas, and are administered by ODE, with the approval of the Controlling Board. The amounts paid to each eligible district are determined under guidelines contained in the Revised Code and temporary law in the budget bill. Appropriation items 200455 and 200550 also include earmarks, which are listed in the following tables.

200455, Community Schools				
Earmarks		**FY 2010**		**FY 2011**
Administration	$	1,308,661	$	1,308,661
Sponsor Training	$	225,000	$	225,000
Remainder – Foundation Payments for Community Schools	$	495,870,723	$	532,152,878

Administration

This funding is used by ODE to provide oversight and evaluation of community school sponsors. ODE has created a framework that provides ongoing evaluations for every sponsor. Those with serious performance problems are subject to corrective action plans. In FY 2008, the first cohort of sponsors completed its second year and another completed its first year in the two-year evaluation process. The executive budget proposes flat funding for this activity in FY 2010 and FY 2011.

Sponsor Training

This funding is used by ODE to develop and conduct training for sponsors and prospective sponsors of community schools. ODE also collects and disseminates examples of best practices used by sponsors and coordinates capacity building and strategic planning of sponsors statewide. The executive budget proposes flat funding for this training in FY 2010 and FY 2011.

Foundation Payments for Community Schools

As described in the Overview section, the executive budget proposes to adjust the method by which formula-driven support flows to community schools. Currently, students attending community schools are counted in their resident district's ADM. The formula amount for each student is then deducted from the resident district's calculated state aid to be paid to the community school. Beginning in FY 2010, the executive budget proposes to fund community schools directly. This funding supports those payments. The executive proposal makes several other changes to the laws governing community schools. For a description of these changes, please see pages 202-217 of the LSC bill analysis.

200550, Foundation Funding		
Earmarks	**FY 2010**	**FY 2011**
Juvenile Court Payments	$ 425,000	$ 425,000
Payments for Valuation Adjustments	$ 15,000,000	$ 15,000,000
Catastrophic Cost Supplement	$ 10,000,000	$ 10,000,000
Youth Services Tuition	$ 2,000,000	$ 2,000,000
Educational Service Centers	$ 42,300,000	$ 42,300,000
Private Treatment Facility Project	$ 1,000,000	$ 1,000,000
School Choice Cleveland Deduct	$ 11,901,881	$ 11,901,881
School Choice Program	$ 8,686,000	$ 8,722,860
Joint Vocational Schools	$ 263,184,858	$ 268,185,371
Remainder – Foundation Payments	$ 5,567,007,473	$ 5,786,556,439

Juvenile Court Payments

These funds are used to help defray the cost of educating children who are placed in a private institution, school, or residential treatment facility by the order of an Ohio court. The executive budget proposes flat funding in FY 2010 and FY 2011 for this earmark.

Payments for Valuation Adjustments

There are various instances specified in sections 3317.026, 3317.027, and 3317.028 of the Revised Code in which an adjustment is made to the amount of state aid paid to a district due to a change in that district's valuation. These payments assist districts facing large, unexpected tax changes. Payments for these adjustments have begun to decrease due to the phase-out of the tangible personal property tax. The executive budget, therefore, recommends a decrease of $15.0 million (50%) in FY 2010 and flat funding in FY 2011 for this earmark.

Catastrophic Cost Supplement

This funding is provided to schools to support exceptionally high costs associated with individual special education students. Subject to the amount of funding appropriated, the state reimburses 50% to almost 100% of the cost of providing services above $27,375 for students in categories two through five and above $32,850 for students in category six. According to ODE, state funding for this supplement reimbursed approximately 62.0% of the calculated obligations for FY 2007 (which were disbursed in FY 2008). The executive budget recommends a decrease of $9.8 million (49.4%) in FY 2010 and flat funding in FY 2011 for this earmark.

Youth Services Tuition

These funds are used for state payments to school districts that are required to pay tuition for a child who is in an institution maintained by the Department of Youth Services, but is not included in his or her resident district's ADM for purposes of state

aid calculations. The executive budget proposes flat funding in FY 2010 and FY 2011 for this earmark.

Educational Service Centers

These funds are provided to the 58 educational service centers (ESCs) in Ohio. ESCs provide many services including supervisory services, special education, and gifted education. Under current law, the state provides $40.52 per pupil for an ESC serving three or more counties and $37.00 per pupil for all others. The executive budget proposes in FY 2010 and FY 2011 to instead provide each ESC with 90% of the funds received in FY 2009.

Currently, ESCs receive funding for gifted units appropriated in item 200521, Gifted Pupil Program. The executive budget proposes to eliminate funding for gifted units and incorporates gifted funding into the Governor's proposed school funding model for regular school districts. It is unclear precisely how this will affect ESC funding for gifted services. It is likely that a school district currently receiving gifted education services from an ESC will need to enter into a contract with the ESC so that an amount may be deducted from the districts' state payments by ODE to then be paid to the ESC, rather than the ESC being provided state funds for gifted services directly.

In addition to direct state funding, each ESC receives a supervisory allowance and an amount per pupil deducted from the state aid provided to each associated school district. All local school districts[5] are required to be associated with an ESC. Additionally, each district associated with an ESC has at least $6.50 per pupil deducted for ESC services. An amount is also deducted from associated districts for students receiving special education and related services or career-technical education services from an ESC. School districts and other entities not required to be associated with an ESC may also enter into contracts for services including professional development, technology, and administrative services. This contracted amount negotiated between a school district and an ESC is also deducted from the district's state aid and transferred to the ESC.

Private Treatment Facility Project

These funds pay for educational services for youth who have been assigned by a court to a facility participating in the Private Treatment Facility Project. The facilities are to follow certain performance standards, ensure that the students participate in required assessments, and ensure that special education students have an IEP and receive appropriate services. There are currently four facilities participating in the program. The executive budget recommends flat funding for this earmark in FY 2010 and FY 2011.

[5] School districts in Ohio are categorized as either local, exempted village, or city.

School Choice Cleveland Deduct

This funding supports the Cleveland Scholarship and Tutoring Program, also known as the Pilot Project Scholarship Program, through a deduction from funding calculated for the Cleveland Municipal School District (CMSD) through the proposed school funding model. This program provides scholarships to students who are residents of CMSD to be used to attend a participating nonpublic school. As of February 2009, there are 42 chartered nonpublic schools registered to participate in the program for the 2009-2010 school year. The program serves K-12 students, giving priority to students from low-income families. Scholarships are based on a school's tuition cost. The state contributes 90% or 75%, depending on the recipient's income, with a maximum award of $3,450. In FY 2008, approximately 6,250 students participated in the program with an estimated average scholarship of $2,900. Scholarship students are not counted in Cleveland's ADM for funding purposes. In addition to scholarships, the program funds tutoring services for students who remain in CMSD. Currently, ODE directly manages the tutoring aspect of the program but the executive budget proposes to allow CMSD to directly expend up to $1.0 million of the earmarked deduction in each fiscal year for tutoring programs. The executive budget proposes to maintain the total deduction at its FY 2009 level. Any funds that are not needed to cover the costs of the program are disbursed to CMSD.

School Choice Program

These funds are for operation of the school choice program. The executive budget recommends flat funding for this earmark in FY 2011. In FY 2009 there is a similar earmark for the same amount, but specifically for operation of the Cleveland Scholarship and Tutoring Program.

Joint Vocational Schools

These funds are for foundation payments to joint vocational school districts (JVSDs). In FY 2010 and FY 2011, the executive budget proposes increasing funding for each of Ohio's 49 JVSDs by 1.9% in each fiscal year over what was received in the previous fiscal year. The executive proposal directs the Partnership for Continued Learning to establish a committee to study JVSD programming and funding methodology and recommend revisions intended for implementation in the FY 2012-FY 2013 biennium.

Remainder – Foundation Payments

This funding is provided through the state's school funding formula to support the general operating expenses of public school districts and STEM schools. These funds are combined with lottery funding from item 200612 and federal stimulus funding from items 200541, 200551, and 200609 to support the state share of the amount calculated for each school district using the executive budget's proposed school funding

model. The current formulas for distributing these payments are described in the special analysis section of this publication entitled "School Funding Complete Resource." The budget's changes to these formulas are described in the Overview section.

Educational Choice Scholarship Pilot Program

Foundation payments also support the Educational Choice Scholarship Pilot Program that awards scholarships that can be used to attend participating nonpublic schools. Scholarship students are counted in their resident district's ADM for the purposes of calculating funding through the proposed school funding model. Under current law, a deduction of $2,700 for a kindergarten student or $5,200 for a student in grades one through twelve is made from the resident district's state aid in order to fund the scholarships. Under the executive proposal, the deduction is $5,200 for all students since the proposal counts kindergarten students as full-time students. The executive proposal also changes the maximum amount of the scholarships. Under current law, the maximum amount is inflated each year by the same percentage increase as the base cost formula amount per pupil increases. The executive proposal sets the maximum amount at $4,500 for students in grades kindergarten through eight and $5,300 for students in grades nine through twelve.

Autism Scholarship Program

Foundation payments also support the Autism Scholarship Program. Scholarship students are counted in their district's ADM for the purposes of the state funding formula. The amount of the scholarship, the lesser of the total fees charged by the alternative provider or $20,000, is then deducted from the resident district's state aid and paid to the alternative provider.

Post-Secondary Enrollment Options

Finally, foundation payments support the participation of public school students in the Post-Secondary Enrollment Options (PSEO) Program. The PSEO Program allows qualified Ohio high school students to take college courses at state expense for both college and high school credit. Participating students are counted in their resident district's ADM and a deduction is made and transferred to the college or university attended by the students. Under current law, the maximum deduction is determined by the base cost formula amount and base funding supplements. Under the executive proposal, this amount is replaced by $5,841 in FY 2010 and $5,952 in FY 2011.

Pupil Transportation (200502)

This line item supports the operating costs of transporting students to and from school. This includes bus driver training and transportation of regular and special education students. The state requires that districts provide transportation to the

district's students as well as to certain community school students and nonpublic students who reside in the district. State transportation requirements only apply to students in grades kindergarten through eight who live more than two miles from the school. However, the state funds transportation service for high school students and for students who live between one and two miles from the school in addition to the transportation services required by the state.

The executive budget proposes an increase of $9.2 million (2.1%) in FY 2010 and flat funding in FY 2011 for pupil transportation.

200502, Pupil Transportation				
Earmarks		**FY 2010**		**FY 2011**
Bus Driver Training	$	838,930	$	838,930
Special Education Transportation	$	60,469,220	$	60,469,220
Remainder – Pupil Transportation	$	376,914,469	$	376,914,469

Bus Driver Training

These funds are used by ODE to contract with seven educational service centers and one vocational agency to administer and complete the Ohio Preservice Driver Training Program. This activity provided driver training for 3,352 new bus drivers, recertification training for 2,656 veteran bus drivers, and van driver training for 1,582 drivers in FY 2007. In addition to this training, annual in-service training was provided to more than 10,000 drivers across the state. The executive budget proposes flat funding in FY 2010 and FY 2011 for this earmark.

Special Education Transportation

This funding is provided to school districts and county MR/DD boards to assist them in providing required transportation services to students with disabilities. In FY 2007, 39,225 special education students were transported at a total cost of $189 million. The state reimbursed almost $59.2 million, or 31% of this cost. The executive budget proposes flat funding in FY 2010 and FY 2011 for this earmark.

Remainder – Pupil Transportation

Prior to FY 2006, the methodology for distributing funds for transporting students other than special education students was based on a statistical regression model. Am. Sub. H.B. 66 of the 126th General Assembly directed ODE to recommend a new transportation funding formula and gave each district 2% annual increases in transportation funding in FY 2006 and FY 2007, instead of using the formula in current law. Subsequently, each district received 1% annual increases in FY 2008 and FY 2009. According to data collected by ODE, in FY 2007, 1 million students were transported at a total cost of $671 million. The state provided funding of $360 million (53%). A new

formula was approved by the State Board in June 2006 and the executive budget proposes to enact the State Board recommended transportation formula as described in the Overview section. As described in that section, although the new formula is used for allocation purposes, the total statewide allocation is adjusted to stay within the appropriated amount.

Career-Technical Education Grants (200416 and 200621)

The federal funds appropriated in 200621 support the development of academic, vocational, and technical skills of secondary and post-secondary students who enroll in vocational and technical programs. A majority of these funds flow as entitlement grants to JVSDs and school districts based on career-technical enrollment. Revenue from this grant is expected to be flat in FY 2010 and FY 2011. Funds appropriated in 200416 provide the dollar for dollar required state match for the administrative portion of the federal grant.

Individuals with Disabilities Education Act (200680)

The federal Individuals with Disabilities Education Act (IDEA) requires that school districts provide a free and appropriate education to all children with disabilities from the age of three to the age of 21. These federal funds are provided to school districts, county MR/DD boards, the Ohio State School for the Blind, the Ohio School for the Deaf, the Department of Youth Services, community schools, and chartered nonpublic schools to assist in the provision of this mandated education. This funding is expected to be flat in FY 2010 and FY 2011.

ESEA Title I (200623)

This federal funding is distributed based on a federal formula to school districts in Ohio. Nearly all Ohio districts receive basic grants, which are based on the state per pupil education expenditure and the number of school-age children from low-income families. Three other types of grants are targeted to districts with high concentrations of poor students. One percent of the grant award is used by ODE to administer the program. Schools use the money they receive to provide educational services to disadvantaged students. Districts who have not made the federal designation of "adequate yearly progress" (AYP) for two years in a row are required to use up to 20% of their allocation to provide transportation to students from failing schools that choose to attend a school in the district that is not failing. After three years of failing to make AYP, districts are required to use up to 20% of their allocation to provide transportation as before and to provide supplemental services to children in failing schools. This funding is expected to be flat in FY 2010 and FY 2011.

Half-Mill Maintenance Equalization (200626)

School districts participating in the Ohio School Facilities Commission's (SFC) School Building Assistance Program are required to levy one-half mill to help pay for the maintenance costs of their new or renovated buildings. Funds from this line item are used to provide payments to districts for which the per pupil tax revenues from this half-mill levy are less than the state average. The payments are equal to the difference between the district's yield per pupil and the state average yield per pupil at the time the district enters into the project agreement with SFC. This program is funded through the transfer of excess funds from the School District Property Tax Replacement Fund (Fund 7053) that are not needed to make reimbursement payments to school districts for tax losses incurred as a result of the deregulation of electric and gas utilities as described in the discussion on the next category of line items, Property Tax Reimbursements. If the funds are not needed for the Half-mill Equalization Program, they are used for the School Building Assistance Program. This program began in FY 2007. The executive budget proposes flat funding in FY 2010 and FY 2011.

Property Tax Reimbursements

This category of appropriations includes reimbursements to school districts for property tax losses due to state tax policy.

Governor's Recommended Amounts for Property Tax Reimbursements				
Fund	ALI	Title	FY 2010	FY 2011
General Revenue Fund (GRF)				
GRF	200901	Property Tax Allocation – Education	$ 1,008,262,363	$ 1,020,655,157
		General Revenue Fund Subtotal	**$ 1,008,262,363**	**$ 1,020,655,157**
Revenue Distribution Fund (RDF)				
7047	200909	School District Property Tax Replacement – Business	$ 1,150,207,366	$ 1,150,207,366
7053	200900	School District Property Tax Replacement – Utility	$ 91,123,523	$ 91,123,523
		Revenue Distribution Fund Subtotal	**$ 1,241,330,889**	**$ 1,241,330,889**
Total Funding: Property Tax Reimbursements			**$ 2,249,593,252**	**$ 2,261,986,046**

Property Tax Allocation – Education (200901)

The state pays 10% of locally levied property taxes for residential and agricultural real property owners and an additional 2.5% for homeowners, thus decreasing property taxes paid by individual property tax payers in Ohio. This provision is often referred to as property tax "rollbacks." This line item funds the rollback reimbursements for school districts and joint vocational school districts. This line item also funds the portion of the Homestead Exemption Program for the elderly and disabled payable to school districts. The Homestead Exemption Program includes all homeowners who are 65 years of age or older or who are disabled, regardless of income. Each homeowner receives an exemption equal to $8,750 of taxable value ($25,000 true value). Additionally, the executive budget proposes a new type of school district levy called a conversion levy. As described in the Overview section, a district passing a conversion levy will generally lose Class II real property and public utility personal property tax revenue. The executive budget reimburses school districts that pass conversion levies for this lost revenue with payments funded by this line item.

Under the executive budget, reimbursements paid to districts are expected to increase by $157.4 million (18.5%) in FY 2010 and $12.4 million (1.2%) in FY 2011.

School District Property Tax Replacement – Business (200909)

Am. Sub. H.B. 66 of the 126th General Assembly started to phase out the tax on general business tangible personal property. This phase-out began in TY 2006 and the tax will be completely phased out by TY 2011. The lost property tax for each district was determined by the Department of Taxation. After the tax is completely phased out, the tax loss will be $1.1 billion for one year. Districts are compensated for this loss

partially through an increase in state aid (the state education aid offset).[6] H.B. 66 also created the commercial activity tax (CAT). A portion of the revenues from the CAT is deposited into RDF Fund 7047. The funds provide direct reimbursements to districts for the value of the loss above the increase in state aid. Under the executive budget, these reimbursements are expected to increase by $386.9 million (50.7%) in FY 2010 and remain flat in FY 2011.

School District Property Tax Replacement – Utility (200900)

Am. Sub. S.B. 3 and Am. Sub. S.B. 287 of the 123rd General Assembly deregulated electric and natural gas utilities in Ohio, reduced the property tax assessment rates on utility property, and created new taxes on utility output. A portion of the revenues from these new taxes is deposited into RDF Fund 7053. The decrease in assessment rates decreased the property valuation and property tax receipts of school districts containing utility property. The lost property tax for each district was determined by the Department of Taxation. In total, the tax loss was $198 million for one year. Districts are compensated for this loss partially through an increase in state aid (the state education aid offset). These funds provide direct reimbursements to districts for the value of the loss above the increase in state aid. All school districts were completely reimbursed for these losses for five years, from FY 2002 to FY 2006. Starting in FY 2007, however, only districts whose tax loss, inflated to current dollars, is greater than their increase in state aid from FY 2002 continue to receive direct reimbursement payments. Also, all joint vocational school districts continue to receive direct reimbursements. This reimbursement is expected to be flat in FY 2010 and FY 2011.

[6] When a district's taxable property value decreases, its local share of foundation funding, which the executive budget proposes be 20 mills (2.0%) of its taxable property value, also decreases. This decrease in the local share is made up by increases in the state share. The resulting increase in state aid is called the state education aid offset.

Educational Enhancements

This category of appropriations includes funding for educational enhancements for special education, career-technical education, and the education of students at risk.

Governor's Recommended Amounts for Educational Enhancements				
Fund	**ALI**	**Title**	**FY 2010**	**FY 2011**
General Revenue Fund (GRF)				
GRF	200425	Tech Prep Consortia Support	$ 1,594,373	$ 1,594,373
GRF	200540	Special Education Enhancements	$ 135,436,252	$ 138,009,540
GRF	200545	Career-Tech Educational Enhancements	$ 7,752,662	$ 7,802,699
		General Revenue Fund Subtotal	**$ 144,783,287**	**$ 147,406,612**
General Services Fund (GSF)				
5960	200656	Ohio Career Information System	$ 529,761	$ 529,761
		General Services Fund Subtotal	**$ 529,761**	**$ 529,761**
Federal Special Revenue Fund (FED)				
3090	200601	Educationally Disadvantaged	$ 8,405,512	$ 8,405,512
3690	200616	Career-Technical Education Federal Enhancement	$ 5,000,000	$ 4,990,960
3700	200624	Education of Exceptional Children	$ 2,664,000	$ 2,755,000
3AF0	200603	Schools Medicaid Administrative Claims	$ 639,000	$ 639,000
3M10	200678	Innovative Education	$ 250,000	$ -
3S20	200641	Education Technology	$ 5,000,000	$ 5,000,000
3Y80	200639	Rural and Low Income Technical Assistance	$ 1,500,000	$ 1,500,000
		Federal Special Revenue Fund Subtotal	**$ 23,458,512**	**$ 23,290,472**
Total Funding: Educational Enhancements			**$ 168,771,560**	**$ 171,226,845**

Special Education Enhancements (200540)

The executive budget recommends a decrease of $4.6 million (3.3%) in FY 2010 and an increase of $2.6 million (1.9%) in FY 2011 for this line item. This item includes the earmarks listed in the following table.

200540, Special Education Enhancements		
Earmarks	**FY 2010**	**FY 2011**
Home Instruction	$ 2,906,875	$ 2,906,875
Special Education for MR/DDs and Institutions	$ 47,518,582	$ 48,421,435
Preschool Special Education	$ 85,010,795	$ 86,681,230

Home Instruction

This funding reimburses districts for half the cost of providing one hour of home instruction to students with orthopedic impairments, other health impairments, and severe behavioral handicaps for each day they are absent from school due to these disabilities. During FY 2008, this program assisted in providing home instruction to 3,352 students in 182 districts. The executive budget recommends flat funding in FY 2010 and FY 2011 for these reimbursements.

Special Education for MR/DDs and Institutions

This funding is provided to county boards of MR/DD and state institutions operated by the Department of Health, the Department of Rehabilitation and Correction, and the Department of Youth Services to fund special education and related services provided by these entities. Currently, funding is distributed based on the base cost formula amount and the same weights used for special education students educated in school districts and community schools. For FY 2010 and FY 2011, the executive budget proposes instead to increase the per pupil amount received by each board and institution in the previous year by 1.9% and provide that adjusted per pupil amount for each student served by the board or institution in the current year.

Preschool Special Education Units

The State Preschool Special Education Program serves children with disabilities, ages three through five. Districts are mandated under federal law to provide a free and appropriate public education to these students. State funding for preschool special education and related services provided by school districts, educational service centers, and county MR/DD boards are distributed through units, which are based on the minimum number of students per class, teacher degree, and teacher experience. According to ODE, in FY 2008 the state provided $82.7 million and funded 2,108 teacher and related services preschool special education units. The number of actual units in the state in FY 2008 totaled more than 3,200. The executive budget proposes to increase this earmark by $1.6 million (2.0%) in FY 2010 and $1.7 million (2.0%) in FY 2011.

Career-Technical Education Enhancements (200545)

The executive budget recommends a decrease of 17.3% in FY 2010 and an increase of 0.6% in FY 2011 for these line items. These items are used to fund career-technical units at institutions as well as other programs and initiatives related to career-technical education. Appropriation item 200545 also includes earmarks, which are listed in the following table.

200545, Career-Technical Education Enhancements				
Earmarks		FY 2010		FY 2011
Institution Career-Technical	$	2,633,531	$	2,683,568
Tech Prep Expansion Grants	$	2,228,281	$	2,228,281
High Schools That Work	$	2,890,850	$	2,890,850

Institution Career-Technical

These funds support career-based intervention programs at institutions. Incarcerated students are provided instructional programming in work and family literacy, career-based intervention, and workforce development. In FY 2007, 4,817 students were served through 120 programs in 31 institutions operated by either the Department of Youth Services or the Department of Rehabilitation and Correction. Currently, funding is distributed in the form of units. The executive budget proposes to instead distribute funding on a grant basis and increase the earmarked amount by 1.9% in FY 2010 and FY 2011.

Tech Prep Expansion Grants

These funds are used for competitive grants to support Tech Prep enrollment expansion and new Tech Prep programming. Eligible grantees include school districts, post-secondary entities, and other eligible recipients. The Ohio Board of Regents and ODE co-administer the program. The executive budget proposes to decrease funding for this earmark by 15.0% in FY 2010 and provide flat funding in FY 2011.

High Schools That Work

High Schools That Work (HSTW) is a school improvement initiative designed to accelerate learning and raise standards through rigorous course work, counseling, parental and community involvement, and teacher collaboration. The executive budget decreases funding for this activity by 15.0% in FY 2010 and provides flat funding in FY 2011.

Ohio Career Information System (200656)

The Ohio Career Information System (OCIS) is a computer-based career information delivery system that provides access to current labor market and post-secondary educational and training information, scholarships, employability skills information, and classroom career integration activities. OCIS has Internet links to other employment and education-related sites. This funding is provided through site license fees from users of the system. The executive proposal eliminates GRF funding for OCIS, which was provided through an earmark of 200545.

Tech Prep Consortia Support (200425)

These funds provide support to maintain a quality Tech Prep system in Ohio that includes 23 consortia (including 23 community and technical colleges and 91 career-technical education planning districts). Tech Prep programs allow students to enroll in a seamless career-technical program that begins in high school and continues through an associate's degree in college and beyond. The executive budget proposes to decrease this support by 9.8% in FY 2010 and provide flat funding in FY 2011.

Education of Exceptional Children (200624)

This funding reflects the federal grants as described below. Total funding for this item decreases by 8.5% in FY 2010 and increases by 3.4% in FY 2011.

Advanced Placement (AP)

This funding comes from a federal grant designed to assist minority and low-income students in earning post-secondary credit by taking AP courses and examinations in high school. The funds are used to reimburse students for AP test fees, provide on-line AP classes and exam review, and offer teacher and classroom support. Funding for this grant is expected to decrease by 39.0% in FY 2010, then increase by 29.8% in FY 2011.

Javits Grants

This federal grant supports professional development modules for individuals who impact the education of gifted students, but who are not considered gifted education specialists. These individuals include parents, regular education teachers, school administrators, guidance counselors, and school psychologists. ODE expects to train 500-600 gifted education specialists to deliver professional development to approximately 11,000 of these educators and parents. Funding for this grant is expected to remain flat in FY 2010 and FY 2011.

State Personnel Development Grants

This federal grant provides funds to support the Ohio Improvement Process Program through the development of highly effective district and building leadership teams focused on the district-wide improvement of instructional practice and student performance for all students, including students with disabilities. This program will directly involve 48 school districts through the regional delivery system. Funding for this grant is expected to decrease by 2.7% in FY 2010 and remain flat in FY 2011.

Career-Technical Education Federal Enhancements (200616)

This federal funding is provided to the 23 Tech Prep consortia based on enrollment. The funds are used for the development and operation of four-year Tech Prep education programs leading to a two-year associate's degree or a two-year

certificate. This funding is expected to be flat in FY 2010 and decrease by 0.2% in FY 2011.

School Medicaid Administrative Claims (200603)

This federal program provides districts with reimbursement for administrative services associated with providing services to Medicaid-eligible students. This funding is expected to remain flat in FY 2010 and FY 2011.

Innovative Education (200678)

These federal grants were provided to approximately 800 school districts, community schools, joint vocational school districts, and nonpublic schools in Ohio. The grants were designed to help schools implement promising educational reform programs to meet the special needs of at-risk and high-cost students. The grant is not expected to be available in FY 2010 and FY 2011, but $250,000 is recommended in FY 2010 (representing a decrease of 95.3% from FY 2009) in case there are carryover funds or refunds available that must be expended to close out the grant.

Education Technology (200641)

This federal program funds two types of grants. The formula grants, which are administered by ODE, are distributed to districts based on the number of Title I eligible students served by the district. The others are awarded as competitive grants, which 50 eligible buildings received in FY 2008. In both cases, the grants are used for hardware, software, professional development, curriculum management tools, and other resources that assist districts in integrating technology into their language arts and mathematics curricula in grades kindergarten through eight. This funding is expected to decrease by 58.3% in FY 2010 and remain flat in FY 2011.

Rural and Low Income Technical Assistance (200639)

These federal grants are provided to rural and low-income districts to help them attract qualified teachers and to provide professional development appropriate for teaching low-income students. This funding is expected to remain flat in FY 2010 and FY 2011.

Educationally Disadvantaged Programs (200601)

This funding reflects three federal grants as described below. Total funding for this item is expected to decrease by 3.9% in FY 2010 and remain flat in FY 2011.

Neglected and Delinquent Children

This federal grant provides financial assistance to state or local institutions that serve neglected and delinquent children to help meet their needs. The grant award is estimated at $3.3 million each fiscal year.

Migrant Education

This federal grant supports educational opportunities for migratory children to help reduce the educational disruptions and other problems that result from repeated moves. The grant award is estimated at $2.4 million each fiscal year.

Homeless Children

This federal grant ensures access to a free and appropriate education for homeless school-age children and youth. The grant award is estimated at $2.6 million each fiscal year.

Nonpublic School Support

This category of appropriations includes funding to support chartered nonpublic schools. As of February 2009, there are 867 chartered nonpublic schools in Ohio.

Governor's Recommended Amounts for Nonpublic School Support				
Fund	**ALI**	**Title**	**FY 2010**	**FY 2011**
General Revenue Fund (GRF)				
GRF	200511	Auxiliary Services	$ 131,740,457	$ 131,740,457
GRF	200532	Nonpublic Administrative Reimbursement	$ 59,810,517	$ 59,810,517
		General Revenue Fund Subtotal	**$ 191,550,974**	**$ 191,550,974**
State Special Revenue Fund (SSR)				
5980	200659	Auxiliary Services Reimbursement	$ 1,328,910	$ 1,328,910
		State Special Revenue Fund Subtotal	**$ 1,328,910**	**$ 1,328,910**
Total Funding: Nonpublic School Support			**$ 192,879,884**	**$ 192,879,884**

Auxiliary Services (200511)

This line item funds services for chartered nonpublic schools and includes an earmark, which is shown in the following table.

200511, Auxiliary Services		
Earmarks	**FY 2010**	**FY 2011**
Post-Secondary Enrollment Options	$ 2,121,800	$ 2,121,800
Remainder – Auxiliary Services	$ 129,618,657	$ 129,618,657

Post-Secondary Enrollment Options

The Post-Secondary Enrollment Options Program allows qualified Ohio high school students to take college courses at state expense for both college and high school credit. These funds are used to pay the costs of the program for participants from nonpublic schools. The executive budget proposes flat funding in FY 2010 and FY 2011 for this program.

Remainder – Auxiliary Services

This funding, which is distributed on a per pupil basis, supports secular services provided to chartered nonpublic schools. Services include health, counseling, special education, standardized testing, and test scoring. Funds may also be used to purchase secular textbooks, materials, and equipment. In FY 2008, the average per pupil amount of these auxiliary funds was almost $650. The executive budget proposes an increase of $2.5 million (1.9%) in FY 2010 and flat funding in FY 2011 for this line item.

Nonpublic Administrative Cost Reimbursement (200532)

Chartered nonpublic schools are required by the state to perform some administrative and clerical activities. These funds reimburse the schools for the costs of these mandated activities. The reimbursement is based on the actual costs from the prior year with a maximum reimbursement rate of $300 per pupil. The executive budget proposes an increase of $1.1 million (1.9%) in FY 2010 and flat funding in FY 2011 for this item.

Auxiliary Services Reimbursement (200659)

These funds are used to replace and repair mobile units that are used to provide auxiliary services, and can also be used to fund early retirement or severance pay for employees paid from line item 200511. The revenue for these expenses comes from transfers of cash from the Auxiliary Services Personnel Unemployment Compensation Fund that is estimated to be in excess of the amount needed to pay unemployment claims. The executive budget proposes flat funding in FY 2010 and FY 2011.

School Operations Support

This category of appropriations includes funding to support expenses related to management, computer networks, school buses, and food service.

Governor's Recommended Amounts for School Operations Support				
Fund	**ALI**	**Title**	**FY 2010**	**FY 2011**
General Revenue Fund (GRF)				
GRF	200422	School Management Assistance	$ 20,904,572	$ 22,490,572
GRF	200426	Ohio Educational Computer Network	$ 27,411,025	$ 27,411,025
GRF	200458	Public School Employees Health Care Board	$ 1,128,600	$ 1,128,600
GRF	200503	Bus Purchase Allowance	$ 10,850,000	$ 10,850,000
GRF	200505	School Lunch State Match	$ 11,798,025	$ 11,798,025
		General Revenue Fund Subtotal	**$ 72,092,222**	**$ 73,678,222**
General Services Fund (GSF)				
5H30	200687	School District Solvency Assistance	$ 18,000,000	$ 18,000,000
		General Services Fund Subtotal	**$ 18,000,000**	**$ 18,000,000**
Federal Special Revenue Fund (FED)				
3670	200607	School Food Services	$ 6,088,737	$ 6,088,738
3L60	200617	Federal School Lunch	$ 263,071,332	$ 263,071,332
3L70	200618	Federal School Breakfast	$ 72,208,118	$ 72,208,119
3L80	200619	Child/Adult Food Programs	$ 75,159,405	$ 75,159,405
3T40	200613	Public Charter Schools	$ 14,212,922	$ 14,212,922
		Federal Special Revenue Fund Subtotal	**$ 430,740,514**	**$ 430,740,516**
State Special Revenue Fund (SSR)				
4550	200608	Commodity Foods	$ 24,000,000	$ 24,000,000
		State Special Revenue Fund Subtotal	**$ 24,000,000**	**$ 24,000,000**
Total Funding: School Operations Support			**$ 544,832,736**	**$ 546,418,738**

School Management Assistance (200422)

The executive budget recommends increases of $18.1 million (636.7%) in FY 2010 and $1.6 million (7.6%) in FY 2011 for this line item. This item includes the earmarks listed in the following table.

200422, School Management Assistance		
Earmarks	**FY 2010**	**FY 2011**
State Auditor – Fiscal Distress Districts	$ 1,000,000	$ 1,000,000
State Auditor – Performance Audits	$ 16,394,000	$ 17,980,000
Fiscal Data Project	$ 350,000	$ 350,000
Cleveland Early Adopter Assistance	$ 1,000,000	$ 1,000,000
Remainder – School Management Assistance	$ 2,160,572	$ 2,160,572

State Auditor – Fiscal Distress Districts

These funds are earmarked to be used by the Auditor of State to conduct performance audits of school districts in fiscal caution, fiscal watch, or fiscal emergency. Although appropriated to ODE, these funds are passed directly to the Auditor for expenses associated with performing these audits. The executive budget proposes a decrease of 41.7% in FY 2010 and flat funding in FY 2011 for this earmark.

State Auditor – Performance Audits – New

This is a new earmark proposed by the executive budget. These funds are to be used by the Auditor of State, or another vendor as determined by ODE, to conduct performance audits of all school districts, community schools, joint vocational school districts (JVSDs), and educational service centers (ESCs) on a five-year cycle. The audit findings for JVSDs and ESCs are to be used to inform and develop recommendations for new funding models for these entities to be implemented in the FY 2012-FY 2013 biennium.

Fiscal Data Project

This funding is used to develop analytical tools to show districts how to more effectively and efficiently manage fiscal resources to improve financial practices and decision making. The executive budget proposes an increase of 40.0% in FY 2010 and flat funding in FY 2011 for this earmark.

Cleveland Early Adopter Assistance – New

The Cleveland Municipal School District (CMSD) is being fully funded through the executive proposal's school funding model under the Early Adopter Project, as opposed to having a number of the components included in the model phased in over a number of years, as is the case for all other school districts. This earmarked funding is for ODE to provide technical assistance and monitoring of CMSD, as well as to support a business and operations management study and curriculum audit of the district. The executive proposal stipulates that CMSD not receive any funding under this item in FY 2011 if the Superintendent of Public Instruction determines the district has not made sufficient progress in FY 2010 on recommendations of the business and operations management study and curriculum audit.

Remainder – School Management Assistance

This funding allows ODE to provide technical assistance and in-service education for school district management personnel to assist in managing their fiscal resources. The executive budget proposes increases of 147.6% in FY 2010 and flat funding in FY 2011 for this item.

Ohio Educational Computer Network (200426)

The executive budget recommends an increase of 6.1% in FY 2010 and flat funding in FY 2011 for this line item. This item includes the earmarks listed in the following table.

200426, Ohio Educational Computer Network				
Earmarks		**FY 2010**		**FY 2011**
Building Connectivity	$	15,874,498	$	15,874,498
INFOhio	$	2,163,657	$	2,163,657
Information Technology Centers	$	7,942,391	$	7,942,391
Remainder – Ohio Educational Computer Network	$	1,430,479	$	1,430,479

Building Connectivity

This funding is used to support the connection of public school buildings and participating chartered nonpublic schools to the state education network (OSCnet). The executive budget proposes a 12.5% decrease in FY 2010 and flat funding in FY 2011.

INFOhio

This funding supports the INFOhio Network and the Union Catalog. INFOhio works with Ohio's other state-funded library networks, OPLIN (public libraries) and OhioLINK (universities), to provide resources and information access to Ohio's kindergarten through twelfth grade students. It includes electronic resources specifically geared toward the primary and secondary school student, such as the *Encyclopedia Britannica,* and resources supporting the teaching of state academic content standards. The Union Catalog offers students and teachers anywhere in Ohio access to library and curriculum resources. The executive budget proposes a 12.4% decrease in FY 2010 and flat funding in FY 2011 for this item.

Information Technology Centers (ITC)

This funding supports the 23 ITCs that provide computer support, software products, and information services to their member districts, including all but three school districts (Akron, Cleveland, and Columbus), community schools, joint vocational school districts, and educational service centers. Funds also support the administration and collection of data for school districts and for providing front-line customer support related to data reporting. Distribution of funds to ITCs is provided through a per pupil formula based on the enrollments of ITC member districts and software usage. The executive budget proposes a 4.7% decrease in FY 2010 and flat funding in FY 2011 for this earmark.

Remainder – Ohio Educational Computer Network

This funding supports the development and maintenance of administrative software that school districts use for accounting, payroll, scheduling, grade reporting, and inventory.

Bus Purchase Allowance (200503)

The executive budget recommends a decrease of 13.7% in FY 2010 and flat funding in FY 2011 for this line item. This item provides funding to school districts for the purchase or lease of school buses and includes the earmark listed in the following table.

200503, Bus Purchase Allowance				
Earmarks		**FY 2010**		**FY 2011**
Special Education and Nonpublic Bus Purchase	$	3,038,000	$	3,038,000
Remainder – Bus Purchase Allowance	$	7,812,000	$	7,812,000

Special Education and Nonpublic Bus Purchase

These funds may be used for the purchase of buses to transport students with disabilities and nonpublic students. Funds are provided to school districts and county MR/DD boards on a per pupil basis. The executive budget proposes a decrease of 13.7% in FY 2010 and flat funding in FY 2011.

Remainder – Bus Purchase Allowance

This funding is distributed to school districts on a per pupil basis to assist them in purchasing or leasing school buses. In FY 2007, there were 15,125 buses used to transport students. According to ODE, the cost of a new bus is more than $75,000 and is expected to increase to approximately $100,000 by 2010 due to new emission controls and increased steel prices. The executive budget proposes a decrease of 13.7% in FY 2010 and flat funding in FY 2011 for this funding.

School Lunches (200505 and 200617)

The executive budget proposes an increase of $3.2 million (1.2%) in FY 2010 and flat funding in FY 2011 for these two line items combined. These items support the federal National School Lunch Program, which provides over one million meals per day at over 4,000 sites including public and nonprofit private schools, camps, and institutions. State funds from 200505 serve as the required match for receiving the federal funds in 200617.

School District Solvency Assistance (200687)

This funding is paid from two accounts: (1) the shared resource account, which is used to make interest-free advances to districts to enable them to remain solvent and to pay unforeseen expenses of a temporary or emergency nature and (2) the catastrophic expenditures account, which is used to make grants to districts for unforeseen catastrophic events. Advances made to districts from the shared resource account must be repaid no later than the end of the second year following the fiscal year in which the advance was made. Grants from the catastrophic expenditures account do not need to be repaid, unless reimbursed by a third party. The program was first appropriated $30.0 million in FY 1998 by Am. Sub. H.B. 650 of the 122nd General Assembly. It is now funded through repayments of advances from the shared resource account.

Federal School Breakfast (200618)

This federal funding allows more than 40 million breakfasts to be served for low-income students at more than 2,000 sites including public and nonprofit private schools, camps, and institutions. This funding is expected to be flat in both FY 2010 and FY 2011.

Child/Adult Food Programs (200619)

This federal funding provides reimbursements for nutritious snacks, as well as breakfast, lunch, and dinner, to children or adults enrolled in participating day care centers, after-school programs, or adult day care centers. The funding is expected to be flat in both FY 2010 and FY 2011.

Public Charter Schools (200613)

These federal funds are used to finance grants that are awarded to community schools to assist them in the planning, development, and initial implementation of their programs. More than 200 community schools in Ohio have received this federal grant funding. Funding under the grants can reach up to $450,000 per school disbursed in their first three years of operation. These funds also support evaluation of community schools' effects on students, staff, and parents. This funding is expected to be flat in both FY 2010 and FY 2011.

School Food Services (200607)

This federal funding is used by ODE for administrative support and monitoring of federally funded school food programs. States are required to meet a minimum level of state investment to receive federal funds. Additionally, federal support for summer food programs and special milk programs is included in this item. Funding levels are expected to be flat in both FY 2010 and FY 2011.

Commodity Foods (200608)

This funding supports school food programs by contracting with commercial food processors to convert bulk or raw USDA commodities into more convenient ready-to-use end products at a reduced cost for school districts participating in the school lunch and school breakfast programs. In this program, ODE obtains the donated food from the USDA and charges school districts for the processing and handling. In FY 2007, commodity foods were distributed to 1,100 participating schools and agencies. Funding levels are expected to be flat in both FY 2010 and FY 2011.

Academic Achievement

This category of appropriations includes funding to support a variety of programs and initiatives designed to improve the academic achievement of Ohio's students.

Governor's Recommended Amounts for Academic Achievement						
Fund	ALI	Title		FY 2010		FY 2011
General Revenue Fund (GRF)						
GRF	200421	Alternative Education Programs	$	10,015,885	$	10,015,885
GRF	200431	School Improvement Initiatives	$	9,859,997	$	9,859,997
GRF	200457	STEM Initiatives	$	2,000,000	$	4,500,000
GRF	200578	Violence Prevention and School Safety	$	1,384,924	$	1,384,924
		General Revenue Fund Subtotal	**$**	**23,260,806**	**$**	**25,760,806**
Federal Special Revenue Fund (FED)						
3780	200660	Learn and Serve	$	619,211	$	619,211
3AN0	200671	School Improvement Grants	$	17,909,676	$	17,936,675
3AX0	200698	Improving Health & Education Outcomes Of Young People	$	630,954	$	630,954
3BV0	200636	Character Education	$	700,000	$	-
3CF0	200644	Foreign Language Assistance	$	25,000	$	-
3D10	200664	Drug Free Schools	$	13,347,966	$	13,347,966
3Y20	200688	21st Century Community Learning Centers	$	28,700,000	$	28,700,000
3Y40	200632	Reading First	$	27,366,373	$	24,455,172
3Y70	200689	English Language Acquisition	$	8,000,000	$	8,000,000
		Federal Special Revenue Fund Subtotal	**$**	**97,299,180**	**$**	**93,689,978**
State Special Revenue Fund (SSR)						
5X90	200911	NGA STEM	$	50,000	$	-
		State Special Revenue Fund Subtotal	**$**	**50,000**	**$**	**-**
Total Funding: Academic Achievement			**$**	**120,609,986**	**$**	**119,450,784**

Alternative Education Programs (200421)

This funding is used to provide grants for 117 alternative education programs in Ohio's 21 urban school districts and 483 rural and suburban districts to implement successful innovative practices in alternative education for students with behavioral problems including truancy. According to ODE, about 26,000 students participated in this program with more than 8,000 of them involved in long-term programs in FY 2007, and nearly 75.0% of the program's participants achieved a successful outcome by either returning to a regular classroom, advancing a grade level, graduating from high school, or earning a GED. In addition, this funding is used to provide professional development and technical assistance to the schools that receive alternative education grants. Services include monitoring, engaging in oversight, conducting regional summits, and creating links with other state initiatives and other state agencies. The

executive budget recommends a decrease of $2.2 million (18.1%) in FY 2010 and flat funding in FY 2011 for this grant program.

School Improvement Initiatives (200431)

The executive budget recommends a decrease of 46.6% in FY 2010 and flat funding in FY 2011 for this line item. The decrease in FY 2010 is primarily due to the elimination of several earmarks. In FY 2010 and FY 2011, this item includes the earmarks listed in the following table.

200431, School Improvement Initiatives				
Earmarks		FY 2010		FY 2011
Regional School Improvement	$	9,349,007	$	9,349,007
Educational Media Centers	$	510,990	$	510,990

Regional School Improvement

This funding supports the Educational Regional Service System (ERSS), which was established in Sub. H.B. 115 of the 126th General Assembly. Funding is distributed to the 16 regions in the system to provide direct services to districts in support of their continuous improvement plans. This direct funding is provided through State Support Teams (SSTs) that are comprised of ODE employees and individuals hired by the fiscal agent of each region. All schools and districts benefit from this support; however, focus is placed on those identified in school or district improvement status or in corrective action status as outlined by the No Child Left Behind Act. The executive budget proposes a decrease of 31.8% in FY 2010 and flat funding in FY 2011.

Educational Media Centers

This funding supports 24 educational media centers that provide educational materials available for circulation to all of Ohio's primary and secondary schools to support classroom content delivery aligned with the academic standards. These resources include audio-visual resources, digital content, multimedia software, professional development materials, and other print materials. The executive budget recommends a decrease of 15% in FY 2010 and flat funding in FY 2011.

STEM Initiatives (200457)

The executive budget recommends decreasing this line item by $8.0 million (80.0%) in FY 2010 and increasing this line item by $2.5 million (125.0%) in FY 2011. This funding is to be used to support innovative programs in math and science education and math and science professional development of teachers.

Violence Prevention and School Safety (200578)

This line item is used to support school safety programs. It includes the earmark listed in the following table.

200578, Violence Prevention and School Safety				
Earmarks		FY 2010		FY 2011
Safe School Center	$	224,250	$	224,250
Remainder - Violence Prevention	$	1,160,674	$	1,160,674

Safe School Center

This funding supports the Ohio Resource Network for Safe and Drug-Free Schools and Communities (ORN). The ORN provides training for schools and communities on alcohol and drug abuse prevention and school safety. It also provides technical assistance related to bullying and maintains the 24-hour Bullying and Violence Helpline. The executive budget proposes flat funding in FY 2010 and FY 2011 for this item.

Violence Prevention and School Safety – Remainder

This funding is provided to school districts to assist them in creating safe learning environments. Districts may use the funds for school resource officers, safe and drug-free school coordinators, needs assessments, character education, and school conflict management programs. The executive budget proposes an increase of $166,369 (16.7%) in FY 2010 and flat funding in FY 2011 for this activity.

Learn and Serve (200660)

These federal funds are for Learn and Serve America grants, which are awarded to programs for at-risk youth that combine classroom instruction and community service. Annually, about 35 grants are funded, serving over 30,000 youth. Funding for this grant is expected to decrease by 5.0% in FY 2010 and to remain flat in FY 2011. Funding for this line item decreases by 60.4% in FY 2010 primarily because two other federal grants, totaling approximately $900,000, are no longer funded.

School Improvement Grants (200671)

This newly authorized federal funding will allow grants of no less than $50,000 to be awarded to schools in school improvement status to implement school improvement strategies. Grants to schools are awarded over a three-year time period. Federal parameters also permit 4% of Title I funding to be used for this purpose.

Improving Health & Education Outcomes of Young People (200698)

This new five-year federal grant is being used for the coordination of school health, physical activity, nutrition, and tobacco prevention programs in schools and districts.

Character Education (200636)

This federal funding is used to provide grant coordination, program implementation, and evaluation for the Ohio Partnerships in Character Education Project. Grant funds flow to the Ohio Partners in Character Education (OPCE), a program component of the Better Business Bureau Education Foundation, Inc., for the purpose of creating Smart and Good Schools. The objectives of this program are to improve achievement and high school success, especially in underrepresented populations. The funds are distributed by the OPCE to participating school districts. This funding is expected to be flat in FY 2010 and be eliminated in FY 2011.

Foreign Language Assistance (200644)

This federal funding provided grant coordination and program development, implementation, and evaluation for the Ohio Foreign Language Assistance Program, and the K-6 Mandarin Chinese curriculum. The grant is not expected to continue in FY 2010 or FY 2011. The FY 2010 appropriation of $25,000 is to fund the project's close-out.

Drug Free Schools (200664)

This federal grant provides funds to all districts in Ohio, as well as community schools and nonpublic schools. The funds are used to prevent violence in and around schools; strengthen programs that prevent the illegal use of alcohol, tobacco, and drugs; involve parents in schools; and foster collaboration among various efforts and resources. This funding is expected to be flat in FY 2010 and FY 2011.

21st Century Community Learning Centers (200688)

This federal grant provides opportunities for communities to establish or expand activities in community learning centers that provide for academic enrichment. The program increases time-on-task outside the regular school day for students and engages them in additional academic tasks to increase mathematics and reading skills. Funds are distributed competitively to selected grantees for a five-year period, with a maximum of $200,000 per year. This grant is expected to decrease by 6.5% in FY 2010 and to remain flat in FY 2011.

Reading First (200632)

These competitive federal grants are targeted to the lowest performing and highest poverty schools. The grants fund specific programs that use scientific, research-based reading instruction plans, staff development, required assessments and technology, and other appropriate materials to improve reading outcomes for students at these schools. In FY 2008, the grants supported reading instruction to about 18,000 students from low performing high schools and provided professional development to

about 1,500 teachers. Funding for these grants is expected to decrease by 12.3% in FY 2010 and by 10.6% in FY 2011.

English Language Acquisition (200689)

These federal funds provide assistance to school districts in meeting the special language needs of national origin minority and LEP students. This funding is expected to remain flat in FY 2010 and FY 2011.

NGA STEM (200911)

This line item was established by the Controlling Board on September 10, 2007. Funding for this line item originated from a two-year $500,000 grant from the National Governors Association. These funds were used to support development of a STEM network to align Ohio's various STEM initiatives and develop a more comprehensive agenda for the state. As no further funding from the NGA is anticipated beyond FY 2009, the executive budget recommends an appropriation of $50,000 for this line item in FY 2010 for grant close-out.

Early Childhood Education

This category of appropriations includes funding to support early childhood education programs.

Governor's Recommended Amounts for Early Childhood Education				
Fund	**ALI**	**Title**	**FY 2010**	**FY 2011**
General Revenue Fund (GRF)				
GRF	200408	Early Childhood Education	$ 34,768,341	$ 34,768,341
GRF	200442	Child Care Licensing	$ 1,302,495	$ 1,302,495
		General Revenue Fund Subtotal	**$ 36,070,836**	**$ 36,070,836**
Federal Special Revenue Fund (FED)				
3C50	200661	Early Childhood Education	$ 14,189,711	$ 14,554,749
3H90	200605	Head Start Collaboration Project	$ 225,000	$ 225,000
		Federal Special Revenue Fund Subtotal	**$ 14,414,711**	**$ 14,779,749**
State Special Revenue Fund (SSR)				
5W20	200663	Early Learning Initiative	$ 2,200,000	$ 2,200,000
		State Special Revenue Fund Subtotal	**$ 2,200,000**	**$ 2,200,000**
Total Funding: Early Childhood Education			**$ 52,685,547**	**$ 53,050,585**

The executive proposal creates the Center for Early Childhood Development. This center is responsible for making recommendations about the coordination of early childhood programs and services, including a plan to consolidate these programs at ODE. Under the proposal, an implementation plan is to be complete by August 31, 2009. The executive proposal also creates the Early Childhood Advisory Council and the Early Childhood Financing Workgroup to, among other duties, make recommendations for a single financing system for early care and education programs. These recommendations must be completed by December 31, 2009.

Early Childhood Education (200408)

This line item funds the early childhood education program in school districts, JVSDs, and educational service centers. The executive budget recommends essentially flat funding in FY 2010 and FY 2011 for this line item.

200408, Early Childhood Education		
Earmarks	**FY 2010**	**FY 2011**
Early Childhood Support and Technical Assistance	$ 695,367	$ 695,367
Remainder – Early Childhood Education Grants	$ 34,072,974	$ 34,072,974

Early Childhood Support and Technical Assistance

This funding is used by ODE to administer the early childhood education program and provide technical support to districts receiving funding under the program. The executive budget specifies that no more than 2.0% of the total appropriation in any fiscal year may be used by ODE for these purposes.

Early Childhood Education Grants

This funding supports early childhood education programs that provide educational services for three and four-year-old children from families with incomes below 200% of the federal poverty level. In FY 2008, 6,100 children were served. According to ODE, this represents about 9% of the income-eligible children in the state.

A district may self-operate or may contract with a Head Start agency, a chartered nonpublic school, or a licensed child care provider to provide Early Childhood Education services. These programs must align their curricula to the early learning program guidelines developed by ODE, administer diagnostic assessments prescribed by ODE, require all teachers to attend at least 20 hours of professional development every two years, and report child progress in meeting the program guidelines.

Child Care Licensing (200442)

These funds are used by ODE to license and inspect preschool and school-age child care programs operated by school districts, chartered nonpublic schools, Head Start agencies, and county boards of mental retardation and developmental disabilities. The executive budget proposes an increase of $193,060 (17.4%) in FY 2010 and flat funding in FY 2011 for this earmark.

Early Childhood Education (200661)

These federal funds are used by ODE to support preschool special education programs and Even Start, a family literacy program. Funding is expected to decrease by 25.3% in FY 2010 and increase by 2.6% in FY 2011.

Preschool Special Education

About $12.8 million in FY 2010 and FY 2011 of the funding in this item is for preschool special education. These federal funds are distributed to districts to support special education and related services to children with disabilities between the ages of three and five. Districts are mandated under federal law to provide a free and appropriate public education to these children and are required to develop Individualized Education Plans (IEPs) for them. These federal grant funds are provided as supplemental funding in addition to the preschool special education unit funding provided by state funds. Funds are distributed based on 1997 service levels with adjustments for total population and poverty. Federal funding for this program is

expected to decrease by $3.2 million (19.9%) in FY 2010 and remain essentially flat in FY 2011.

Even Start

About $1.4 million in FY 2010 and $1.8 million in FY 2011 of the funding in this item is for Even Start. Even Start is a family literacy program designed to break the cycle of poverty and illiteracy by improving the educational opportunities of low-income families. The program integrates early childhood education, adult literacy, and parenting education. In FY 2008, the program served approximately 470 families and 750 children. Federal funding for this program is expected to decrease by $1.6 million (53.1%) in FY 2010 and increase by $0.4 million (25.0%) in FY 2011.

Head Start Collaboration Project (200605)

This federal grant provides funding for the coordination of federal, state, and local policies to support a coordinated early childhood education and child care system. Funds are used to support federal Head Start and child care providers in increasing services to families. Activities funded include the dissemination of information, the support of partnerships between Head Start and child care providers, and leadership services. Federal funding for this grant is expected to decrease $50,000 (18.2%) in FY 2010 and remain flat in FY 2011.

Early Learning Initiative (200663)

This funding supports the work of ODE in administering the Early Learning Initiative (ELI). ODE is responsible for defining the services provided to children through the program, establishing guidelines for school readiness to evaluate early learning programs, and developing an application form and criteria for the selection of early learning agencies to provide early learning programs. The executive budget proposes flat funding for this line item in FY 2010 and FY 2011.

Am. Sub. H.B. 66 of the 126th General Assembly replaced state operated Head Start and Head Start Plus with ELI. The current ELI program is jointly administered by ODE and the Department of Job and Family Services (ODJFS). Subsidies to ELI providers are distributed as grants from ODJFS.

Adult Education

This category of appropriations includes funding to support adult education programs.

Governor's Recommended Amounts for Adult Education				
Fund	**ALI**	**Title**	**FY 2010**	**FY 2011**
General Revenue Fund (GRF)				
GRF	200447	GED Testing	$ 1,250,353	$ 1,250,353
		General Revenue Fund Subtotal	**$ 1,250,353**	**$ 1,250,353**
Federal Special Revenue Fund (FED)				
3680	200614	Veterans' Training	$ 745,892	$ 745,892
		Federal Special Revenue Fund Subtotal	**$ 745,892**	**$ 745,892**
State Special Revenue Fund (SSR)				
4540	200610	Guidance and Testing	$ 400,000	$ 400,000
		State Special Revenue Fund Subtotal	**$ 400,000**	**$ 400,000**
Total Funding: Adult Education			**$ 2,396,245**	**$ 2,396,245**

The transfer of the Adult Basic Literacy Education (ABLE) and Adult Workforce Education (AWE) programs to the Board of Regents was successfully executed as directed by Am. Sub. H.B. 119 of the 127th General Assembly on January 1, 2009.

GED Testing (200447)

The executive budget proposes a decrease of 9.5% in FY 2010 and flat funding in FY 2011 for this line item. The GED program provides a national test for Ohio adults without a high school diploma. ODE processes an average of 30,000 GED applications, 15,000 transcripts, and 9,000 employee verifications per year. Upon passing the GED, nongraduates receive an Ohio High School Equivalence Diploma. This line item supports 116 GED testing centers. Additionally, this line item supports the Operation Extend Program, through which districts receive 50% reimbursement for the cost of providing summer proficiency programs to students from the 12th grade class who did not graduate because of their inability to pass the Ohio Graduation Test (OGT). In FY 2007, 1,742 students from 17 school districts took part in Operation Extend.

Veterans' Training (200614)

This federal funding is used for the reviewing, approving, and supervising of school apprenticeships and on-the-job training programs for veterans and their eligible dependents. Funding is expected to remain flat in FY 2010 and FY 2011.

Guidance and Testing (200610)

This line item is used for the administrative costs of the GED, which includes the costs of scoring the test and providing transcripts and confirmations of GED testing to employers. Revenues come from a $55 application fee charged to those who do not qualify for a waiver. Funding is expected to remain flat in FY 2010 and FY 2011.

Educator Quality

This category of appropriations includes funding to support programs that aim to improve the quality of educators in Ohio.

Governor's Recommended Amounts for Educator Quality				
Fund	ALI	Title	FY 2010	FY 2011
General Revenue Fund (GRF)				
GRF	200448	Educator Preparation	$ 2,030,000	$ 2,030,000
GRF	200555	Ohio Teach	$ 6,100,000	$ 6,100,000
		General Revenue Fund Subtotal	**$ 8,130,000**	**$ 8,130,000**
General Services Fund (GSF)				
4L20	200681	Teacher Certification and Licensure	$ 6,323,994	$ 6,323,994
		General Services Fund Subtotal	**$ 6,323,994**	**$ 6,323,994**
Federal Special Revenue Fund (FED)				
3740	200647	Troops to Teachers	$ 100,000	$ 100,000
3CG0	200646	Teacher Incentive Fund	$ 3,007,975	$ 1,157,834
3D20	200667	Honors Scholarship Program	$ 6,665,000	$ 6,665,000
3Y60	200635	Improving Teacher Quality	$ 101,778,397	$ 101,778,400
		Federal Special Revenue Fund Subtotal	**$ 111,551,372**	**$ 109,701,234**
State Special Revenue Fund (SSR)				
5BB0	200696	State Action for Education Leadership	$ 1,250,000	$ 600,000
		State Special Revenue Fund Subtotal	**$ 1,250,000**	**$ 600,000**
Total Funding: Educator Quality			**$ 127,255,366**	**$ 124,755,228**

Educator Preparation (200448)

These funds are used primarily to support the work of the Educator Standards Board, established by Am. Sub. S.B. 2 of the 125th General Assembly, which is responsible for the development and implementation of statewide standards for Ohio's teachers and principals. The executive budget proposes an increase of $1.2 million (133.1%) in FY 2010 and flat funding in FY 2011 for this item. This item includes an earmark, which is listed in the following table.

200448, Educator Preparation		
Earmarks	FY 2010	FY 2011
Professional Development for Administrators	$ 350,000	$ 350,000
Remainder – Educator Standards Board	$ 1,680,000	$ 1,680,000

Professional Development for Administrators

These funds are earmarked for training and professional development for school administrators, treasurers, and business officials. In the FY 2008-FY 2009 biennium this funding was provided through GRF appropriation item 200410, Educator Training,

which is eliminated in the executive proposal. The executive recommends flat funding for this activity in FY 2010 and FY 2011.

Remainder – Educator Standards Board

The executive proposal requires the Educator Standards Board to develop and recommend by September 1, 2010, revised standards for teachers and principals, license renewal, and educator professional development and new standards for district superintendents, treasurers, and business managers. This funding supports the Board.

Teach Ohio (200555)

This new line item partially funds the executive's proposed new Teach Ohio Program. As described in the Overview section, Teach Ohio is an educator recruitment and retention program aimed at encouraging Ohioans to select careers in the teaching profession. This item provides funding for the program through the earmarks listed in the following table.

200555, Teach Ohio				
Earmarks		FY 2010		FY 2011
Promoting Teaching Careers to High School Students	$	1,000,000	$	1,000,000
Alternative Licensure	$	5,100,000	$	5,100,000

Promoting Teaching Careers to High School Students

This funding is for a statewide program aimed at encouraging high school students to enter the teaching profession. The program is to be administered by a nonprofit corporation that has been in existence for at least 15 years and has demonstrated experience in encouraging students from disadvantaged backgrounds to enter the teaching profession. This nonprofit corporation is to be selected jointly by the Superintendent of Public Instruction and the Chancellor of the Board of Regents.

Alternative Licensure

This funding will support the revised Alternative Educator Licensure Program. The executive proposal requires the Superintendent and the Chancellor to develop an intensive pedagogical training institute to provide instruction in the principles and practices of teaching to persons seeking an alternative resident educator license. In the FY 2008-FY 2009 biennium, funding for alternative licensure was provided in GRF appropriation item 200536, Ohio Core Support, which is eliminated in the executive proposal.

Teacher Certification and Licensure (200681)

This program provides funds for the processing of licensure applications, technical assistance related to licensure, and the administration of the teacher disciplinary process. Funding for this item is provided by licensure fees that are deposited into GSF Fund 4L20. Fees were increased in February 2008 from $12 to $40 per year on an annualized basis. The executive budget proposes flat funding in FY 2010 and FY 2011.

Approximately 100,000 licenses are issued annually. In FY 2007 a new electronic system, Connected Ohio Records for Educators (CORE), began operation. This system allows educators to apply and pay for licenses electronically. According to ODE, about 630 cases of educator misconduct are investigated annually, with an average of 243 cases resulting in disciplinary action. In addition to conducting these investigations and hearings, ODE also provides products and services that improve stakeholder awareness, understanding, and practice of professional conduct.

Troops to Teachers (200647)

This federal program provides administrative support, outreach, and recruitment to encourage military personnel to enter the teaching profession utilizing the alternative resident educator license. Since its inception, this program has trained 283 teachers with 68.0% of them teaching in high-need schools and in shortage areas. Funding for this program is expected to be flat in FY 2010 and FY 2011.

Teacher Incentive Fund (200646)

These federal funds are used to develop and implement performance-based teacher and principal compensation systems, based primarily on increases in student achievement in high-needs schools. The Ohio Teacher Incentive Fund (OTIF) is a partnership of ODE, Cincinnati, Cleveland, Columbus, and Toledo city schools, and the National Institute for Excellence in Teaching. Funding for this program is expected to decrease 24.7% in FY 2010 and decrease 61.5% in FY 2011, which is the last year of the grant.

Honors Scholarship Program (200667)

This funding comes from two federal grants. One grant supports programs designed to improve the academic achievement of students in mathematics and science. The other grant, the Robert C. Byrd Honors Scholarship, is used by ODE to recognize exemplary academic effort of graduating high school students and to support their ongoing studies. The scholarships are $1,500 per student each year for four years. In FY 2008, 1,050 scholarships were awarded to recipients attending nearly 200 institutions of higher education across the country. In each fiscal year of the biennium, approximately 800 continuing scholars and 300 incoming scholars will receive the

award. This funding is expected to decrease 52.0% in FY 2010 and remain flat in FY 2011.

Improving Teacher Quality (200635)

Most of this federal grant (95%) is passed through directly to school districts based on a federal formula that considers enrollment and poverty in each district. Districts must use the funds for professional development and educator quality purposes. The remainder of the grant is used by ODE for administration (1%) and to support partnerships between districts and institutions of higher education in developing educator training activities (4%). This funding is expected to decrease by 2.1% in FY 2010 and remain flat in FY 2011.

State Action for Education Leadership (200696)

These funds are provided through a grant awarded by the Wallace Foundation. They are used for three main purposes: (1) to develop leadership programs in the big eight major urban districts in Ohio, (2) to create the Ohio Superintendent Evaluation System, and (3) to develop urban principal and teacher leader licensure endorsements. Funding for this grant is expected to end in FY 2010, with the remainder of funds to be expended in FY 2011.

Curriculum, Assessment, and Accountability

This category of appropriations includes funding to support the state model curriculum, state assessments, and the state school accountability system.

Governor's Recommended Amounts for Curriculum-Assessment-Accountability						
Fund	**ALI**	**Title**		**FY 2010**		**FY 2011**
General Revenue Fund (GRF)						
GRF	200424	Policy Analysis	$	1,056,687	$	1,056,687
GRF	200427	Academic Standards	$	5,789,861	$	5,789,861
GRF	200437	Student Assessment	$	71,909,814	$	71,909,814
GRF	200439	Accountability/Report Cards	$	6,828,650	$	6,828,650
GRF	200446	Education Management Information System	$	15,621,135	$	15,621,135
		General Revenue Fund Subtotal	**$**	**101,206,147**	**$**	**101,206,147**
Federal Special Revenue Fund (FED)						
3BK0	200628	Longitudinal Data Systems	$	100,000	$	-
3Z20	200690	State Assessments	$	12,883,799	$	12,883,799
		Federal Special Revenue Fund Subtotal	**$**	**12,983,799**	**$**	**12,883,799**
State Special Revenue Fund (SSR)						
5U20	200685	National Education Statistics	$	300,000	$	300,000
		State Special Revenue Fund Subtotal	**$**	**300,000**	**$**	**300,000**
Total Funding: Curriculum-Assessment-Accountability			**$**	**114,489,946**	**$**	**114,389,946**

Policy Analysis (200424)

This line item supports research and data collection related to education policy analysis. The executive proposes an increase of 109.4% in FY 2010 and flat funding in FY 2011. The increase in FY 2010 is primarily to fund a new earmark for the Office of School Resource and Management as described below.

200424, Policy Analysis				
Earmarks		**FY 2010**		**FY 2011**
Office of School Resource Management	$	600,000	$	600,000
Remainder – Policy Analysis	$	456,687	$	456,687

Office of School Resource Management – New

This new earmark supports the Office of School Resource Management, which is established by the executive budget. Under the executive proposal, this Office is required to determine fiscal data to be included on new district funding and expenditure accountability reports, collaborate with the Auditor of State in establishing metrics for performance audits of schools and in publishing best practices identified in these audits, ensure that districts develop plans for implementation of the recommendations contained in their audits, provide staff assistance to the Ohio

Research-Based Funding Model Advisory Council, which is established to recommend changes to the school funding formula as described in the Overview section, and conduct assessments and evaluations as directed by the Superintendent of Public Instruction.

Remainder – Policy Analysis

The remainder of this item is used to support a system of administrative, statistical, and legislative education information to be used for policy analysis. ODE staff supported by this line item are responsible for developing reports, analyses, and briefings to inform education policymakers of current trends in educational practices, efficient and effective use of resources, and evaluations of programs to improve educational results.

Academic Standards (200427)

This funding supports the development and dissemination of the state academic standards and model curricula. The executive proposal requires the adoption of new academic standards and curricula for all grades. The requirements for these new standards are described in the Overview section. The executive budget recommends a decrease of 9.6% in FY 2010 and flat funding in FY 2011 for this item.

Student Assessment (200437 and 200690)

This funding supports the development, printing, distribution, collection, scoring, and reporting of state assessments. The executive budget proposes a series of revisions to these assessments and changes to the assessment schedule. A discussion of these changes can be found in the Overview section. Federal funding for assessments, appropriated in item 200690, State Assessments, is expected to by flat in both FY 2010 and FY 2011. The executive budget recommends an increase of 4.6% in FY 2010 and flat funding in FY 2011 for GRF item 200437. This item includes one earmark as listed in the following table.

200437, Student Assessment				
Earmarks		**FY 2010**		**FY 2011**
Kindergarten Readiness Assessment	$	212,486	$	212,486
Remainder – Student Assessments	$	71,697,328	$	71,697,328

Kindergarten Readiness Assessment

This assessment is used to determine the literacy skills of children entering kindergarten. ODE estimates that approximately 135,000 children will be assessed in each year of the biennium. These funds are used to produce documents for teachers and parents regarding the assessment and the preparation of children for kindergarten.

Remainder – Student Assessment

These funds support all other state assessments. Under the executive budget, all assessments in grades three through eight are to be revised to reflect the new academic standards required by the proposal. In addition, the current high school assessment, the Ohio Graduation Test (OGT), is to be replaced. Details of these recommended changes are given in the Overview section. The executive budget specifies that a portion of the funding in this line item be provided to pay for all or a portion of a college readiness exam for high school juniors and for preparation, practice exams, and diagnostics related to the college readiness exam. Under the bill, a portion of these funds may also be used to reimburse public school districts for costs associated with Advanced Placement programming and testing and a portion of the costs associated with the International Baccalaureate Examination.

In addition to supporting the proposed new assessment system, the funding in this item also supports the current assessments as they are phased out in favor of the new assessments. The current assessments are described below.

Achievement Tests

The achievement tests assess each student's achievement of the knowledge and skills delineated in the academic content standards. There are achievement tests in reading and mathematics in each of grades 3 through 8; in writing in grades 4 and 7; and in science and social studies in grades 5 and 8. Certain students with special needs are given alternate assessments that are developed by ODE. In addition, English language learners are given the Ohio Test of English Language Acquisition (OTELA). ODE estimates that in FY 2010, over four million achievement tests, 45,000 alternate assessments, and 30,000 OTELAs and in FY 2011, 4.3 million achievement tests, 54,000 alternate assessments, and 32,000 OTELAs will be distributed, collected, scored, and reported. In addition, funding supports the production of special versions of these assessments and other resource materials for approximately 900,000 parents. The $12.9 million in each fiscal year from federal Fund 3Z20 appropriation item 200690, State Assessments, is also used to support these assessments.

The executive budget proposes that ODE replace the reading and writing assessments with an English language arts assessment at all grade levels, align all assessments to the revised standards, and reduce the number of skill levels that indicate a student's performance on an assessment from five levels to three levels (advanced, proficient, and limited).

Ohio Graduation Tests (OGT)

Starting with the class of 2007, all students must pass all five sections of the OGT in order to graduate from an Ohio high school. These tests assess student achievement at the 10th grade level in reading, writing, mathematics, science, and social studies. The

tests are administered three times each year. ODE estimates that in FY 2010, almost 1.4 million tests, 12,500 alternate assessments, and 34,200 10th grade OTELAs will be distributed, collected, scored, and reported. In addition, funding supports the production of special versions of these assessments and other resource materials for approximately 161,000 parents. The executive budget recommends that the OGT be replaced with a four-part assessment to measure college and life readiness.

Accountability/Report Cards (200439)

The executive proposes an increase of 2.4% in FY 2010 and flat funding in FY 2011 for this item, which supports the production of local report cards. There is one earmark of this item, which is listed in the following table.

200439, Accountability/Report Cards				
Earmarks		FY 2010		FY 2011
Value Added Training	$	2,378,976	$	2,378,976
Remainder – Accountability/Report Cards	$	4,449,674	$	4,449,674

Value Added Training

Beginning with the 2007-2008 report card, a value-added measure replaced a temporary growth calculation for all districts and schools that had sufficient test data for any of grades 4 through 8. Schools and districts with above average growth for two years in a row can now receive an improved rating, resulting in a new category: excellent with distinction. Similarly, beginning with the 2008-2009 report card, schools and districts rated as having below average growth for three straight years will have a lowered report card rating. This funding provides continued support for a comprehensive system of training teachers to understand and to use value-added data to improve student learning and class instruction. About 80 regional value-added specialists trained 3,000 district value-added specialists and principals in FY 2008. The executive budget proposes a decrease of 21.5% in FY 2010 and flat funding in FY 2011 for this item.

Accountability/Report Cards - Remainder

These funds are used to produce local report cards for every school district and public school building in the state. These report cards present data on the state's performance indicators as well as descriptive and financial data. They indicate the extent to which the performance indicators established by the State Board of Education are met and the resulting designation of the district or building as "excellent with distinction," "excellent," "effective," "in need of continuous improvement," "in academic watch," or "in academic emergency." Under the executive budget, the State Board of Education is required to establish new performance indicators for the report cards by December 31, 2009, and every six years thereafter. In addition, ODE must develop a

fiscal reporting dimension to be included on the report card beginning in FY 2011. The executive budget proposes an increase of 22.1% in FY 2010 and flat funding in FY 2011 for this item.

Education Management Information System (200446)

These funds support the Education Management Information System (EMIS). EMIS is ODE's primary system for collecting student, staff, course, program, and financial data from Ohio's public schools. The data collected via EMIS are used to determine both state and federal performance accountability designations, to produce the local report cards, to calculate and administer state funding to school districts, to determine federal funding allocations, and to meet federal reporting requirements. The executive budget proposes an increase of 2.8% in FY 2010 and flat funding in FY 2011 for this item, which includes the earmarks listed in the following table.

200446, Education Management Information System				
Earmarks		FY 2010		FY 2011
Information Technology Center Subsidy	$	1,276,761	$	1,276,761
School District Subsidy	$	7,874,541	$	7,874,541
Remainder – Education Management Information System	$	6,469,833	$	6,469,833

Information Technology Center Subsidy

These funds are earmarked for distribution to the 23 information technology centers for costs related to processing, storing, and transferring data for the effective operation of EMIS. The costs include: personnel, hardware purchases, software development, communications connectivity, professional development, support services, and the provision of services related to the State Education Technology Plan. Among other things, these 23 centers help all school districts except Akron, Cleveland, and Columbus, community schools, joint vocational school districts, and educational service centers electronically transmit required EMIS data. Funds are distributed to the 23 information technology centers using a per pupil formula based on the enrollments of member districts.

School District Subsidy

These funds are earmarked for distribution to school districts, community schools, educational service centers, joint vocational school districts, and other entities that report data through EMIS. These funds are generally distributed on a per pupil basis. School districts and community schools that enroll at least 100 students receive a minimum of $5,000 each fiscal year. School districts and community schools with less than 100 students enrolled, educational service centers, and county boards of MR/DD that report data through EMIS receive $3,000 each fiscal year.

Education Management Information System – Remainder

This funding is used to develop and support a common core of data definitions and standards as adopted by the Education Data Advisory Council, including the ongoing development and maintenance of the data dictionary and data warehouse. These funds are also used to support the development and implementation of data standards and the design, development, and implementation of a new data exchange system to improve the current EMIS.

Longitudinal Data Systems (200628)

This federal grant from the Institute of Education Sciences is used to enhance ODE's data collection system, including automated reporting to the U.S. Department of Education. This funding has ended and spending is expected to end in FY 2010.

National Education Statistics (200685)

This federal funding is deposited into SSR Fund 5U20 to support the collection of education statistics at the state and local level to be reported to the National Center for Education Statistics (NCES) and to support the position of National Assessment of Education Progress (NAEP) state coordinator. The No Child Left Behind Act of 2001 requires states to participate in NAEP. The executive budget anticipates flat funding for this item in FY 2010 and FY 2011.

Ohio State School for the Blind and Ohio School for the Deaf

This category of funding includes funding to support the Ohio State School for the Blind (OSB) and the Ohio School for the Deaf (OSD). The executive budget proposes merging both OSB and OSD with ODE and transferring these appropriation items.

Governor's Recommended Amounts for Schools for the Blind and Deaf						
Fund	ALI	Title		FY 2010		FY 2011
General Revenue Fund (GRF)						
GRF	221100	Personal Services - OSD	$	8,713,704	$	8,713,704
GRF	221200	Maintenance - OSD	$	905,035	$	905,035
GRF	221300	Equipment - OSD	$	78,650	$	78,650
GRF	226100	Personal Services - OSB	$	7,326,155	$	7,326,155
GRF	226200	Maintenance - OSB	$	688,363	$	688,363
GRF	226300	Equipment - OSB	$	72,783	$	72,783
		General Revenue Fund Subtotal	**$**	**17,784,690**	**$**	**17,784,690**
General Services Fund (GSF)						
4H80	226602	Education Reform Grants - OSB	$	61,000	$	61,000
4M10	221602	Education Reform Grants - OSD	$	76,000	$	76,000
		General Services Fund Subtotal	**$**	**137,000**	**$**	**137,000**
Federal Special Revenue Fund (FED)						
3100	226626	Coordinating Unit - OSB	$	2,527,105	$	2,527,105
3110	221625	Coordinating Unit - OSD	$	2,460,135	$	2,460,135
3AD0	221604	VREAL Ohio	$	25,000	$	25,000
3P50	226643	Medicaid Professional Services Reimbursement - OSB	$	50,000	$	50,000
3R00	221684	Medicaid Professional Services Reimbursement - OSD	$	35,000	$	35,000
3Y10	221686	Early Childhood Grant	$	300,000	$	300,000
		Federal Special Revenue Fund Subtotal	**$**	**5,397,240**	**$**	**5,397,240**
State Special Revenue Fund (SSR)						
4M00	221601	Educational Program Expenses - OSD	$	190,000	$	190,000
4M50	226601	Work Study & Technology Investment - OSB	$	250,000	$	250,000
5H60	221609	Even Start Fees & Gifts - OSD	$	250,716	$	250,716
		State Special Revenue Fund Subtotal	**$**	**690,716**	**$**	**690,716**
Total Funding: Schools for the Blind and Deaf			**$**	**24,009,646**	**$**	**24,009,646**

OSD Operating Expenses (221100, 221200, and 221300)

This funding supports staff payroll and fringe benefits, maintenance of the school grounds and facilities, and equipment for OSD. The executive budget recommends a decrease of 0.3% in FY 2010 and flat funding in FY 2011 for these line items combined. This funding would support approximately 136.8 full-time equivalent

(FTE) OSD personnel: approximately 55.5 in the preschool and primary and secondary education programs, 28.75 in the residential program, 13.75 in the outreach program, and 38.8 in support services.

OSB Operating Expenses (226100, 226200, and 226300)

This funding supports staff payroll and fringe benefits, maintenance of the school grounds and facilities, and equipment for OSB. The executive budget recommends a decrease of 0.3% in FY 2010 and flat funding in FY 2011 for these line items combined. This funding would support approximately 134.25 FTE OSB personnel: 47 in the educational program, 32.75 in the residential program, 18.5 in the outreach program, and 36 in support services.

Education Reform Grants – OSD and OSB (221602 and 226602)

These funds are from a combination of long-term and one-time grants. These grants vary in size and disbursement schedules. Generally, they are used for school improvements in areas such as technology, parent support groups, educational programming, school maintenance, and equipment.

Coordinating Unit – OSD and OSB (221625 and 226626)

These line items contain federal moneys intended to support teachers' salaries, technology, child nutrition, and other activities in the schools' education programs. Funds are also used in OSB's developmentally handicapped and multi-handicapped education programs as well as for OSD's interactive video distance learning program. Approximately 87% of these appropriations support staff payroll.

VREAL Ohio (221604)

This line item supports the Virtual Reality Education for Assisted Learning (VREAL) project. VREAL provides technology-based virtual reality educational enhancement and remediation instruction to deaf and hearing-impaired children. The instruction is fully aligned with the state academic content standards. OSD and nine Ohio school districts have participated in the program.

Historically, OSD received federal funds to support this program. However, no further federal funding has been approved for this program for FY 2010 or FY 2011.

Medicaid Services Reimbursement – OSD and OSB (221684 and 226643)

These line items are used for the provision of qualifying specialized care for Medicaid-eligible students. The federal government reimburses qualified expenditures incurred by the schools.

Early Childhood Grant (221686)

This line item is used to fund the Alice Cogswell Center, OSD's preschool and daycare program. The Alice Cogswell Center (ACC), which opened in 2000, is an accredited preschool program that serves children from birth to five years of age. In FY 2009, enrollment at the ACC reached an all-time high of 38 students. The executive budget recommends an increase of $50,000 (20.0%) in FY 2010 and flat funding in FY 2011 for this line item.

Work Study & Donations – OSD and OSB (221601 and 226601)

The Educational Program Expenses (OSD) and Work Study & Technology Investment (OSB) line items receive revenues associated with the schools' vocational work programs, fund-raising activities, and donations. The self-supporting vocational programs provide work experience for those students enrolled in the programs. Funds may be used for school operating expenses, student activities, scholarships, food service programs, and to support student work experience programs.

Preschool Program Support (221609)

This line item is funded by tuition receipts at the Alice Cogswell Center, OSD's preschool and daycare program. Children with hearing impairments attend the facility free of charge; however, hearing siblings and hearing children of OSD staff that attend are required to pay weekly tuition.

State Administration

This category of appropriations includes funding for the administrative costs of ODE.

Governor's Recommended Amounts for State Administration				
Fund	**ALI**	**Title**	**FY 2010**	**FY 2011**
General Revenue Fund (GRF)				
GRF	200100	Personal Services	$ 12,153,147	$ 12,153,147
GRF	200320	Maintenance and Equipment	$ 3,495,350	$ 3,495,350
GRF	200420	Computer/Application/Network Development	$ 5,394,826	$ 5,394,826
		General Revenue Fund Subtotal	**$ 21,043,323**	**$ 21,043,323**
General Services Fund (GSF)				
1380	200606	Computer Services - Operational Support	$ 7,600,091	$ 7,600,091
4520	200638	Miscellaneous Revenue - Educational Services	$ 275,000	$ 275,000
		General Services Fund Subtotal	**$ 7,875,091**	**$ 7,875,091**
Federal Special Revenue Fund (FED)				
3Z30	200645	Consolidated Federal Grant Administration	$ 8,499,279	$ 8,499,280
3Z70	200697	General Supervisory Enhancement Grant	$ 840,567	$ -
		Federal Special Revenue Fund Subtotal	**$ 9,339,846**	**$ 8,499,280**
State Special Revenue Fund (SSR)				
4R70	200695	Indirect Operational Support	$ 5,810,464	$ 5,810,464
4V70	200633	Interagency Operational Support	$ 868,788	$ 868,788
6200	200615	Educational Improvement Grants	$ 3,000,000	$ 3,000,000
		State Special Revenue Fund Subtotal	**$ 9,679,252**	**$ 9,679,252**
Total Funding: State Administration			**$ 47,937,512**	**$ 47,096,946**

Personal Services (200100)

This line item funds wages and benefits for ODE staff that are not funded through line items dedicated to specific programs. The executive proposal recommends an increase of 16.4% in FY 2010 and flat funding in FY 2011 for this item. Over half of the increase in FY 2010 is for specific earmarks included in the executive proposal. All earmarks of this item are listed in the following table.

200100, Personal Services		
Earmarks	**FY 2010**	**FY 2011**
State Board Travel	$ 25,000	$ 25,000
Partnership for Continued Learning	$ 150,000	$ 150,000
Closing the Achievement Gap Initiative	$ 500,000	$ 500,000
Office of Rural and Urban Education Success	$ 200,000	$ 200,000
Center for Creativity and Innovation	$ 200,000	$ 200,000
Remainder - Personal Services	$ 11,078,147	$ 11,078,147

State Board Travel

This funding is used to reimburse members of the State Board of Education for out-of-state travel. These funds were not earmarked in FY 2009. The executive budget proposes flat funding in FY 2011.

Partnership for Continued Learning

These funds support Ohio's Partnership for Continued Learning. The Partnership advises and makes recommendations to promote collaboration among relevant state entities in an effort to help local communities develop coherent and successful P-16 learning systems. The Partnership is under the direction of the Office of the Governor, and the Governor or the Governor's appointee serves as the chairperson. In the FY 2008-FY 2009 biennium, this funding was earmarked in GRF appropriation item 200427, Academic Standards. The executive proposal recommends flat funding in both FY 2010 and FY 2011 in ODE's budget to support the Partnership.

Closing the Achievement Gap Initiative – New

This new earmark supports the administration and activities of the Governor's Closing the Achievement Gap Initiative. This initiative focuses on improving the retention rate of 9th graders moving to 10th grade in an overall effort to decrease dropout rates in districts with graduation rates at or below 70%. The executive proposal requires these districts to establish linkage coordinators in their schools to serve as primary mentors and service coordinators for at-risk students. These districts are also required to obtain approval of their spending plans from both ODE and the Initiative.

Office of Rural and Urban Education Success – New

This new earmark supports the administration and activities of the Office of Rural and Urban Education Success. The executive proposal creates this new office to develop systems redesign and improvement strategies for urban and rural school districts, provide districts with recommendations and strategies to improve the academic success of disadvantaged students, and provide other assistance as directed by the Superintendent.

Center for Creativity and Innovation – New

This new earmark supports the administration and activities of the Center for Creativity and Innovation at ODE. The executive proposal establishes this new center to monitor, capture, develop, and disseminate best practices and research information on the most creative and innovative education practices across the state, nation and world.

Remainder – Personal Services

This funding supports the personnel involved in administrative functions not directly related to one program, such as human resources, accounting, board relations, policy analysis, and communications. Personal services expenses related to specific programs are funded in the line items that fund those programs.

Maintenance and Equipment (200320)

This funding supports the maintenance and equipment needs of ODE's administrative centers. The executive budget proposes a decrease of 15.1% in FY 2010 and flat funding in FY 2011 for this item. As with personal services, maintenance and equipment expenditures are also supported through other appropriation items.

Computer/Application/Network Development (200420)

This funding is used to develop and implement information technologies that meet the needs of the various business centers in ODE. These technologies include internet and intranet enhancements. ODE has several on-line applications such as the interactive local report card and interactive continuous improvement planning, which are supported with this funding. The executive budget proposes an increase of 9.4% in FY 2010 and flat funding in FY 2011 for this item.

Computer Services Operational Support (200606)

This funding supports information technology services and support for various ODE programs. This support includes development and maintenance of the network infrastructure and software, purchase of all computer hardware and software, project management, and programming services. The various programs pay fees for these services, which are deposited into Fund 1380. The executive budget recommends flat funding in both FY 2010 and FY 2011.

Miscellaneous Educational Services (200638)

This funding is provided through fees for products or services provided by ODE such as publications or conferences sponsored by ODE as well as through donations made to ODE. These funds are used to support the specific purpose for which the fee was charged or for the purposes specified by donors.

Consolidated Federal Grant Administration (200645)

This federal funding represents a pool of state administrative funds from several federal grants. The funding is used to administer the various grants, to provide technical assistance to grant recipients, and to engage in state level activities related to the grants. The funding is expected to decrease by 15.0% in FY 2010 and to stay flat in FY 2011.

General Supervisory Enhancement Grant (200697)

This federal funding supports collaboration between ODE, the departments of education in Oregon and Minnesota, and the American Institutes for Research, to develop assessments for certain special education students. The funding was first received in FY 2009 and is expected to end after FY 2010.

Educational Improvement Grants (200615)

This line item receives revenues from various grants from private donors for special projects, such as the Society of Manufacturing Engineers grant and the Ford Motor Company grant.

Indirect Operational Support (200695)

This funding is a consolidation of indirect administrative costs associated with ODE's management of federal grants and contracts. These indirect costs include such things as human resources and accounting costs. These indirect costs are combined into a single fund and recouped from the federal government. The executive budget expects flat funding for this item in FY 2010 and FY 2011.

Interagency Operational Support (200633)

This line item is supported by funding from other state agencies for specific programs that require assistance from ODE. The executive budget anticipates a decrease of 11.7% in FY 2010 and flat funding in FY 2011. Examples of these projects are described below.

Child Abuse Training

This funding is provided mainly by the Ohio Department of Youth Services and the Ohio Department of Rehabilitation and Correction through transfers into SSR Fund 4V70. The funding is used for reimbursements to school districts for providing required training for teachers in identifying child abuse in their students.

Gear Up Program

This federal grant, Gaining Early Awareness and Readiness for Undergraduate Programs (Gear Up), is awarded to the Ohio Board of Regents. ODE partners with BOR to use this funding to support early college awareness activities at both the local and state level in order to increase the number of low-income students participating and succeeding in post-secondary education.

Early Learning Literacy Specialists

These funds permit regionally located specialists to provide professional development to early education and care teachers, program administrators, and local program literacy specialists. More than 3,000 teachers participated in either courses or mentoring projects delivered by the regional specialists in FY 2007.

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LEGISLATIVE SERVICE COMMISSION

SCHOOL FUNDING COMPLETE RESOURCE

Updated January 2009

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INTRODUCTION

This analysis of operating funding for public schools in Ohio is meant to assist legislators in understanding the method as well as the mechanics and consequences of the current school funding system. A thorough understanding of the current system is an important first step toward understanding the current issues surrounding school funding in Ohio and toward making informed policy decisions. This analysis is also meant to serve as a resource for legislators to refer to when they are faced with particular questions regarding school funding. As such, emphasis is placed on the role the state plays in school funding and, in particular, the formulas used by the state to determine the amount and distribution of state operating funds for public schools.

When considering funding for school district operations spending, it is helpful to break spending down into the following three areas:

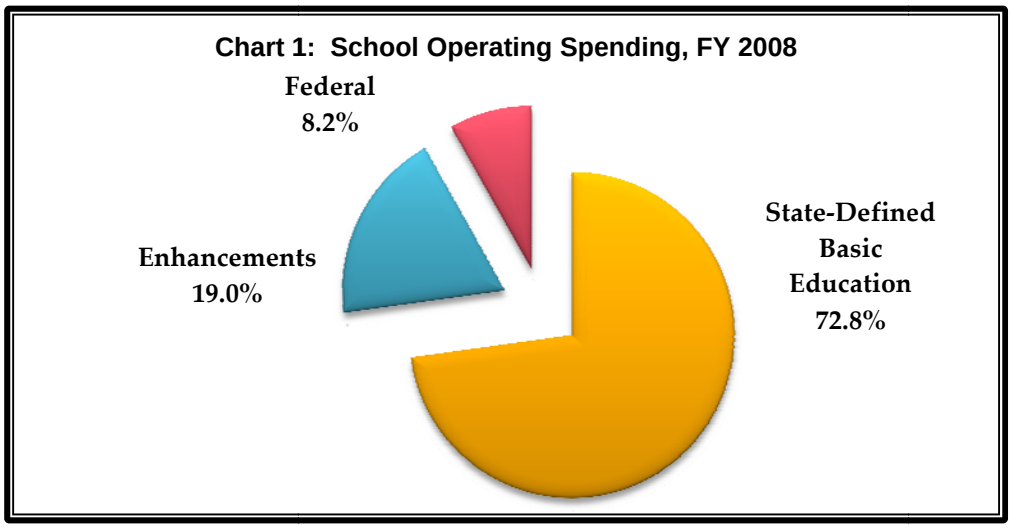
(1) State-defined basic education spending;
(2) Spending above the state-defined basic education level, or enhancement spending;
(3) Federal program spending.

The first and second areas are funded with both state and local revenues, whereas the third area is funded exclusively with federal revenues. State-defined basic education spending is by far the largest spending area statewide. This is the amount of state and local revenues necessary to fund the state model of basic education costs. The determination of this state model amount is discussed in the following section on state operating revenues. In FY 2008, state-defined basic education spending was approximately 72.8% of total statewide spending on public school operations. The second largest spending area, enhancement spending, includes all state and local revenues above the state-defined basic education level. In FY 2008, enhancement spending was approximately 19.0% of total statewide spending. Finally, federal program spending includes all spending of federal revenues at the school district level. In FY 2008, federal program spending was approximately 8.2% of total statewide spending. Chart 1 shows this breakdown of school operating spending.

> State-defined basic education costs are determined for each district by the state foundation funding formula.

The state is mainly concerned with supporting spending for the state-defined basic education. In fact, the state guarantees that every district is able to spend at this state-defined level with a combination of state and local revenues. Enhancement spending is mainly a district prerogative and, as such, is mainly supported with local revenues. The state, however, provides revenue for enhancement spending through parity aid and state competitive grants. Chart 2 shows, for

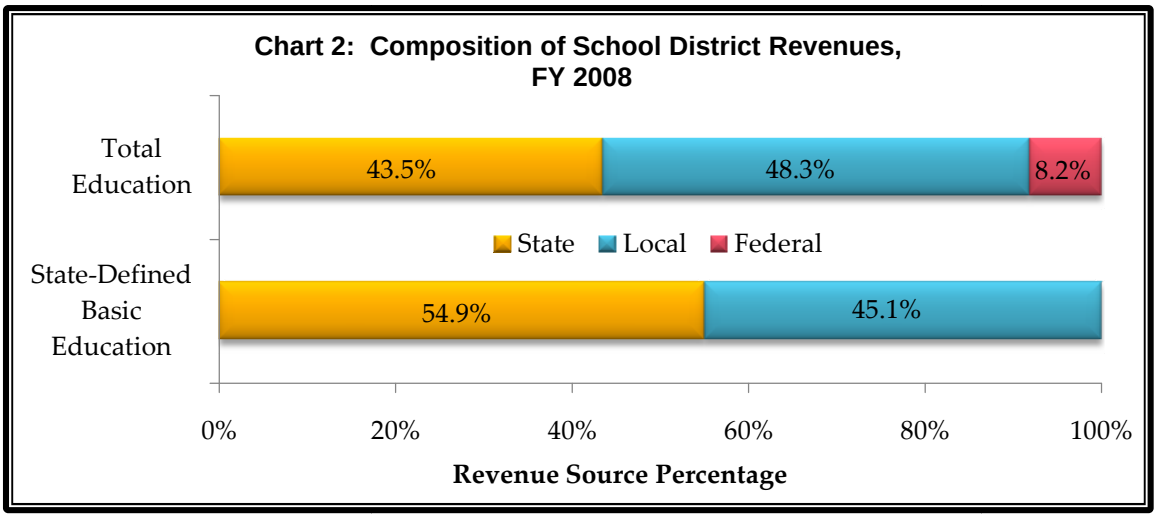
> Enhancement revenues come primarily from local sources – property taxes and school district income taxes.

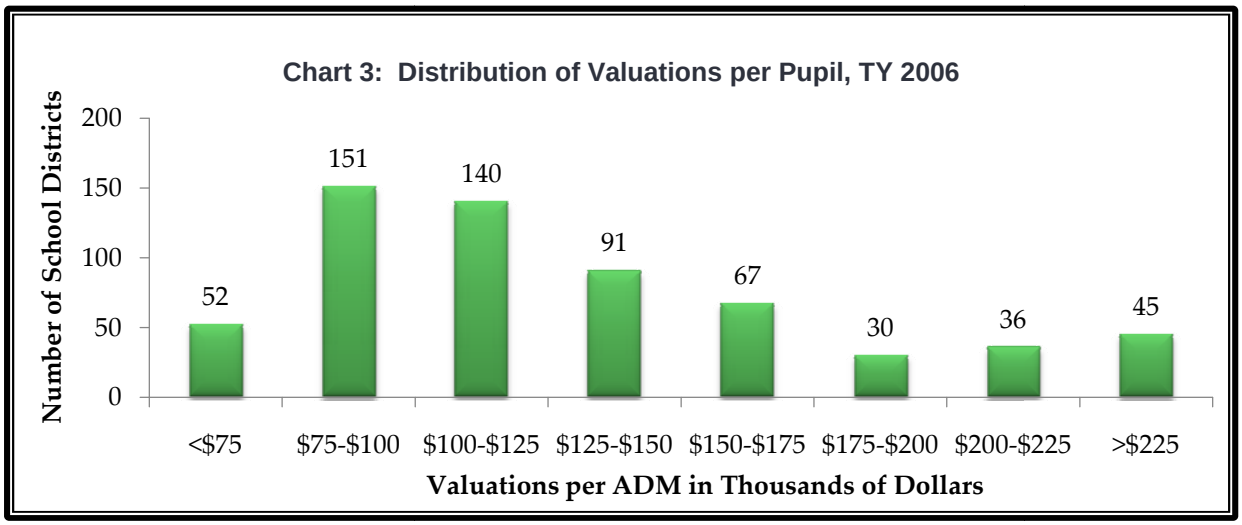


FY 2008, the revenue sources statewide for state-defined basic education spending and for total education spending. State revenues make up 54.9% of state-defined basic education spending, but only 43.5% of total education spending.

State revenues for education come mainly from the state income tax and the state sales tax; a relatively small portion comes from the profits of the state lottery. Local revenues for education come mainly from school district property taxes, although a small portion comes from school district income taxes. State law defines what types of property and income may be taxed by a school district and subjects a large portion of these taxes to voter approval.

Since local revenues come mainly from school district property taxes, different districts have different local revenue-generating capacities. In general, a district's local revenue-generating capacity is indicated by the district's taxable property valuation per pupil. Due to the uneven distribution of taxable property, valuation per pupil varies widely across school districts. Chart 3 shows the distribution of valuations per pupil in tax year (TY) 2006. It can be





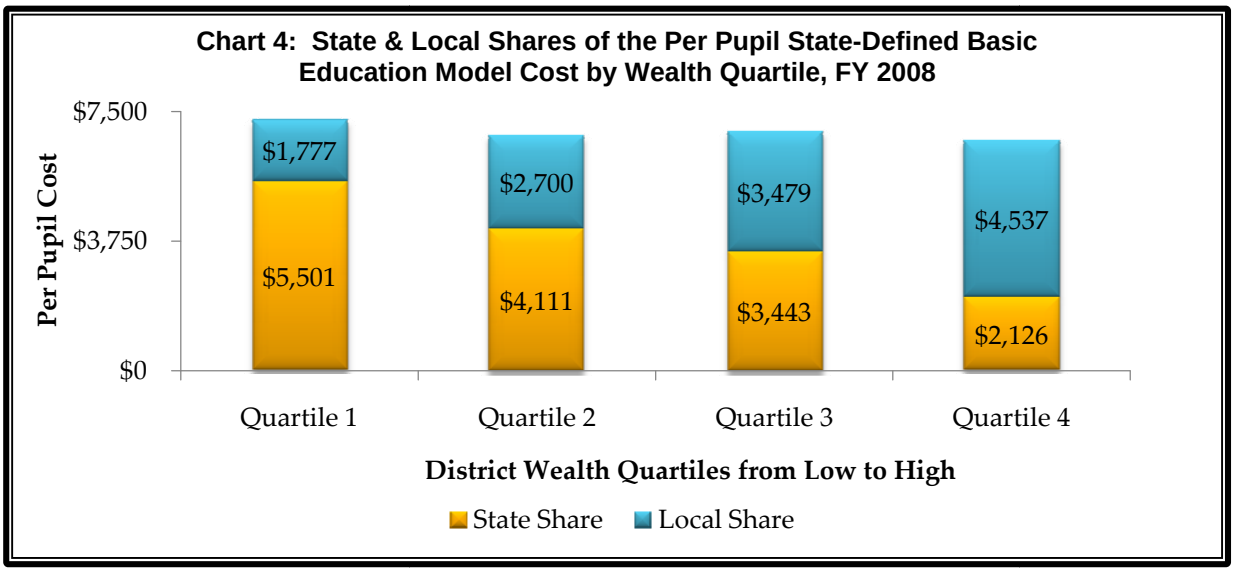
seen that valuations per pupil range from less than $75,000 in 52 districts to more than $225,000 in 45 districts. The statewide weighted average is $143,957 per pupil while the statewide median district's valuation per pupil is $116,496. The weighted average represents a per pupil-based ranking, which takes into account the size of school districts. The median represents a district-based ranking, which is represented by the middle district (the 306th district out of 612). Valuations per pupil for the majority (382 or 62.4%) of school districts range from $75,000 to $150,000.

The variation in per pupil valuation obviously impacts each individual district's ability to raise local revenue. The same one-mill property tax levy generates $75 per pupil for a district with a valuation per pupil of $75,000 and $225 per pupil for a district with a valuation per pupil of $225,000.

The distribution to school districts of state funds for education largely depends on each district's capacity for raising local revenue – its taxable property value per pupil. As mentioned previously, the state guarantees that every district is able to spend at the state-defined basic education level with a combination of state and local revenues. In this way, the state ensures that every student in Ohio has at least this level of funding regardless of where the student happens to live. What this means in practice is that a district with a relatively low revenue-generating capacity will receive a greater portion of its state-defined basic education cost from the state than a district with a relatively high revenue-generating capacity.

Chart 4 groups the 612 school districts into quartiles based on property wealth with quartile 1 having the lowest average per pupil taxable property valuation and quartile 4 having the highest average per pupil taxable property valuation. Each quartile includes approximately 25% of total students statewide. It can be seen from the chart that districts in the lower wealth quartiles have greater state shares (the lower portion of the bar) than districts in the higher wealth quartiles. On average,

> A district's capacity to raise local revenue is largely determined by its wealth – its property value per pupil.



approximately 75.6% of quartile 1 districts' per pupil basic education model spending is supported by the state. This percentage decreases to 60.4% for quartile 2 districts, 49.7% for quartile 3 districts, and 31.9% for quartile 4 districts.

Chart 4 also demonstrates that the total basic education model spending per pupil has no relationship with a district's property wealth. While quartile 1 has the lowest property wealth in the state, its average per pupil basic education model spending is actually higher than the other three. This is due to the fact that the districts in quartile 1 happen to have more high-need students (more disadvantaged, special education, and career-technical education students, for example) than the districts in the other quartiles. Overall in FY 2008, all four quartiles have similar amounts of per pupil basic education spending under the model ($7,278, $6,811, $6,922, and $6,663, respectively). The statewide average cost in FY 2008 is $6,919 per pupil.

> The state foundation formula ensures each student receives at least the state-defined basic education funding regardless of the wealth of the student's school district.

The following analysis of the current school funding system in Ohio includes four parts. The first part looks at state revenue. It addresses how the state determines the state-defined basic education spending level and how the state splits this spending level between state and locally raised revenues. It also addresses the state's determination of its contribution to enhancement spending. The second part looks at local revenues and the state law governing how local tax levies are administered. The third part considers the interactions between the distribution of state revenues and local tax levies. Finally, the fourth part looks briefly at the distribution and use of federal revenues.

STATE OPERATING REVENUE

As stated in the introduction, the state is mainly concerned with supporting spending for the state-defined basic education. The state's first challenge in providing funding for schools, therefore, is to determine the state-defined basic education cost for each district. The state's second challenge is to determine how to distribute state funding to school districts in order to ensure that they are all able to meet the costs of this state-defined basic education with a combination of state and local revenue.

The state-defined basic education cost can be broken down into two main areas:

(1) Base Cost: The uniform cost of providing a basic education to "typical" students. On a per pupil basis, this cost is the same for all districts in the state.

(2) Categorical Costs: The variable costs, above the uniform base cost, of providing a basic education to "nontypical" students, such as those in need of special, gifted, or career-technical education, those who are economically disadvantaged, or those who are limited English proficient. The variable costs also include the cost of transportation, which varies greatly among districts, partly due to the size and road conditions of each district.

Ohio currently determines the state-defined basic education cost with a "building-blocks," or "inputs-based" model, which was recommended by the Governor's Blue Ribbon Task Force on Financing Student Success. The Task Force, which issued its final report in February of 2005, was charged with recommending a school funding system that promotes higher levels of student achievement and gives every child the opportunity to succeed. The Task Force had 35 members from the business and educational communities as well as from the executive and legislative branches of state government. The building-blocks or inputs-based approach focuses on the inputs needed for the academic success of students, as well as giving policymakers and stakeholders the ability to discuss what inputs can be bought with current funding levels. The previous funding model was largely based on outputs.

Table 1 summarizes the building-blocks model of the state-defined basic education cost. The first column breaks the cost into the two main areas discussed above: the uniform base cost and the variable categorical costs. The second column shows the main building-blocks for each area. For the uniform base cost these include the base cost formula amount and the base funding supplements. For the variable categorical costs these include the cost-of-doing-business factor (CDBF) adjustment (eliminated after FY 2007), additional special education costs, additional career-technical education costs, additional gifted education costs, poverty-based assistance, pupil transportation, the teacher experience and education adjustment, and other district-based adjustments and guarantees. The third column further breaks these main building-blocks down into their individual components. These are all described in detail in this section. The fourth

> Ohio uses a building-blocks model to determine the state-defined basic education cost.

column breaks the cost into the student-based and district-based elements of the model. In general, the formula funds each student based on that individual student's characteristics. There are, however, a few adjustments and guarantees that are made based on the district's characteristics; these are listed last in the table.

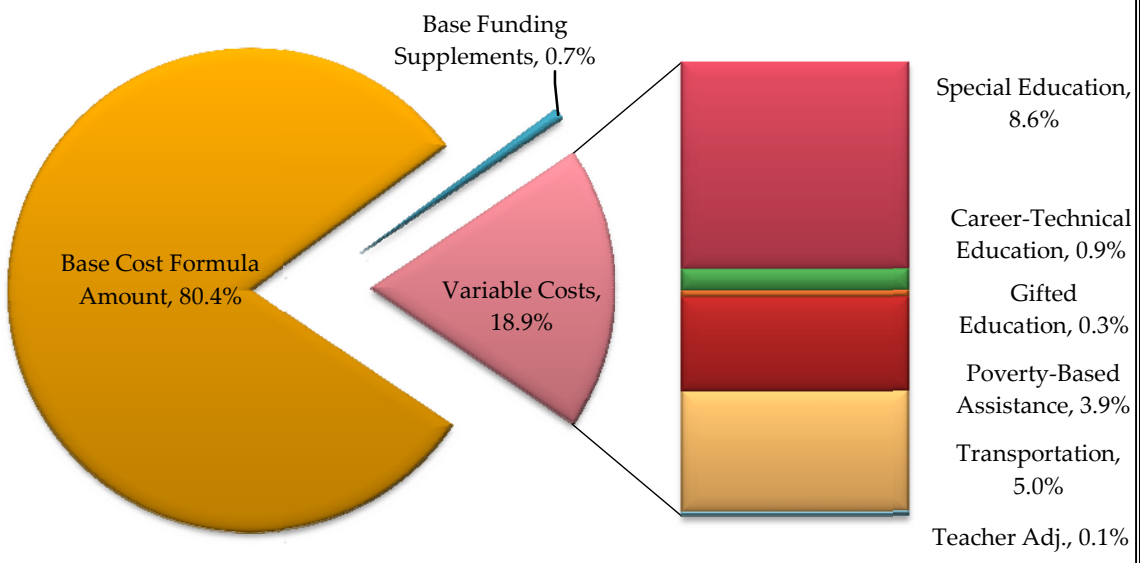
Table 1: Ohio Building-Blocks Model for Determining the State-Defined Basic Education Cost

Uniform base costs	Base cost formula amount	Base classroom teacher compensation Other personnel support Non-personnel support	Student-based funding elements
	Base funding supplements	Professional development – data-based decision making Data-based decision making Professional development Academic intervention services	
Variable categorical costs	CDBF adjustment to base cost	CDBF adjustment to the base cost (eliminated after FY 2007)	
	Additional special education funding	Special education additional weight categories 1-6 Special education speech service supplement	
	Additional career-technical education funding	Career-technical education additional weight categories 1 & 2 Associated service weight GRADS teacher grant	
	Additional gifted education funding	Gifted education unit funding	
	Poverty-based assistance	All-day kindergarten funding Funding for increased classroom learning opportunities Closing the achievement gap (new in FY 2008) Intervention Tier 1: large group for all students – up to 25 hours Tier 2: medium group for all students – 25 to 50 hours Tier 3: small group for three times the number of poverty students – 25 to 160 hours Limited English proficient (LEP) student intervention Teacher professional development Dropout prevention for big-eight districts Community outreach for Urban 21 districts	
	Pupil transportation	Pupil transportation	
	Teacher experience & training adjustment	Teacher experience & training adjustment	
	Other adjustments and guarantees (for distribution formulas only)	Base cost funding guarantee (eliminated after FY 2007) Excess cost supplement Poverty-based assistance guarantee (eliminated after FY 2007) Reappraisal guarantee (eliminated after FY 2007) Charge-off supplement (gap aid) Transitional aid	District-based funding elements

As stated in the introduction, the state-defined basic education cost averaged $6,919[1] per pupil statewide in FY 2008. Of this amount, $5,614 (81.1%) is for the uniform cost per pupil, including the uniform base cost formula amount of $5,565 per pupil (80.4%) and the uniform base funding supplements of $49 per pupil (0.7%). The variable categorical costs depend on the characteristics of each student. For example, an autistic student generates an additional $23,700 in FY 2008 over the uniform base cost. On average, however, student-based categorical costs totaled $1,305 per student statewide and comprised the other 18.9% of the average state-defined basic education cost per pupil of $6,919. The total average cost per pupil for FY 2008 is broken down into its components in Chart 5. Although this does

> In FY 2008, the state-defined basic education cost averaged $6,919 per pupil.

Chart 5: Student-Based Elements of the State-Defined Basic Education Cost in FY 2008



not represent the average per pupil funding for any specific district, it shows the composition of state-defined basic education funding across the state in FY 2008. This funding is a result of the formulas described in detail in this section.

As stated above, the state must first determine the state-defined basic education cost and then must determine how to distribute state funding for this cost to districts (how this cost is to

[1] This figure excludes the district-based funding elements, such as transitional aid. These district-based funding elements are not actually part of the state-defined basic education cost, instead they tend to lower the local share and increase the state share of this cost.

be shared between local and state revenues). In the introduction it was shown how state funding for the state-defined basic education model cost is designed to ensure that all students at least are funded at the amount needed to cover the state-defined basic education cost for their specific needs (regardless of where they live). This section on state funding describes each element of the state-defined model cost, how the cost is determined, and how state funds are distributed. It also addresses parity aid, which is the state's main contribution to school district enhancement spending. Finally, funding for community schools, educational service centers, open enrollment students, post-secondary enrollment option students, and joint vocational school districts is discussed.

Base Cost – State Model Amount

Base Cost Formula Amount

As stated previously, the base cost is the uniform cost of providing a state-defined basic education to "typical" students. On a per pupil basis, this cost is the same for all districts in the state. The state's estimate of this uniform per pupil base cost is called the base cost formula amount. The base cost formula amount consists of funding for the following three inputs:

(1) Base classroom teacher compensation;
(2) Other personnel support; and
(3) Nonpersonnel support.

Base classroom teacher compensation is the core of the model. In order to determine the per pupil value of this component, the General Assembly must decide the ratio of students to base classroom teachers and the base classroom teacher compensation that are necessary for the state-defined basic education. The Revised Code contains the General Assembly's determination of these variables for FY 2006 through FY 2009. These values are presented in Table 2.

Table 2: Base Classroom Teacher Component, FY 2006 through FY 2009

Fiscal Year	Number of Pupils per Base Classroom Teacher	Base Classroom Teacher Average Compensation	Per Pupil Base Classroom Teacher Compensation
FY 2006	20	$53,680	$2,684
FY 2007	20	$54,941	$2,747
FY 2008	20	$56,754	$2,838
FY 2009	20	$58,621	$2,931

The Revised Code also expresses the General Assembly's policy decision that the value of other personnel support per pupil in FY 2006 is $1,807, which is increased by 2.35% to $1,850 in FY 2007 and by 3.0% in FY 2008 and FY 2009 to $1,905 and $1,962, respectively. The General Assembly establishes the value of nonpersonnel support per pupil in FY 2006 as $792 and increases this amount each year by the projected gross domestic product deflator (1.8% in

FY 2007 and 2.0% in FY 2008 and FY 2009). Combining the values of these three components results in formula amounts of $5,283 in FY 2006, $5,403 in FY 2007, $5,656 in FY 2008, and $5,732 in FY 2009. The value of each component is summarized in Table 3.

Table 3: Base Cost Formula Amount, FY 2006 through FY 2009

Component	FY 2006	FY 2007	FY 2008	FY 2009
Base Classroom Teacher Compensation per pupil	$2,684	$2,747	$2,838	$2,931
Other Personnel Support per pupil	$1,807	$1,850	$1,905	$1,962
Nonpersonnel Support per pupil	$792	$806	$822	$839
Formula Amount	$5,283	$5,403	$5,565	$5,732

Cost-of-Doing-Business Factor

The cost of doing business is actually a variable, not a uniform cost; however, since it was incorporated into the base cost, it is covered here. This adjustment was eliminated beginning in FY 2008 by Am. Sub. H.B. 119 of the 127th General Assembly. Districts may face different costs because of where they are located in the state. The cost-of-doing-business factor (CDBF) attempted to account for some of this difference. It was calculated for each county and was based on the average wages in that county as well as in contiguous counties. Based on this calculation an adjustment was made to the base cost formula amount for each district based on the county in which the district was mostly located. For districts in the highest wage county (Hamilton County) the base cost formula amount was increased by 2.5% in FY 2007. The adjustment was then applied to the rest of the districts in the state on a sliding scale. For districts in the lowest wage county (Gallia County) the base cost formula amount was not increased. Am. Sub. H.B. 66 of the 126th General Assembly phased down the CDBF from a 7.5% range in FY 2005 to a 5.0% range in FY 2006 and a 2.5% range in FY 2007. As already mentioned, the CDBF was completely phased out beginning in FY 2008. The following formula shows how this adjustment was computed.

> The cost-of-doing-business factor adjustment was eliminated beginning in FY 2008.

Per Pupil Base Cost = Base Cost Formula Amount x CDBF

As can be seen below in Table 4, in FY 2007, with a base cost formula amount of $5,403, districts in Hamilton County had a base cost per pupil of $5,538, whereas districts in Wood County had a base cost per pupil of $5,468, and districts in Gallia County had a base cost per pupil of $5,403. So, with the exception of the two districts in Gallia County, the base cost per pupil for all other districts was higher than $5,403 in FY 2007 as a result of the CDBF adjustment.

Table 4: Effect of CDBF Adjustment on the Per Pupil Base Cost of Districts in Selected Counties, FY 2007		
County	**CDBF**	**Per Pupil Base Cost (Adjusted)**
Gallia	1.000 (increase of 0.0%)	$5,403
Wood	1.012 (increase of 1.2%)	$5,468
Hamilton	1.025 (increase of 2.5%)	$5,538

Average Daily Membership

Once the base cost per pupil is determined, the next important step is to determine the number of students a district has in order to determine the district's total base cost. Average daily membership (ADM) is the measure the state uses to determine the number of pupils in the district for purposes of calculating the base cost. Prior to FY 2007, districts counted their students once in October. Starting in FY 2007, districts perform two counts of their pupils, the first in October and the second in February. The annual ADM is based 75% on the October count and 25% on the February count. Each of these counts is done over a week and then averaged. Students are counted if they reside in the district even if they attend a nonpublic school under the Educational Choice Scholarship Program or the Autism Scholarship Program, or a public school that is not part of the district, such as a school in a different district under open enrollment, a community school, or a joint vocational school (JVS). An amount is deducted from the district's state aid for each Educational Choice or Autism scholarship student counted in its ADM. Funding for open enrollment and community school students is transferred to the educating district or school. State funding for joint vocational school districts is provided by a separate but parallel calculation. The resident school districts, however, may still include 20% of their JVS student count in their ADM in order to cover expenses the resident districts may incur. To reflect this, the ADM formula subtracts 80% of the JVS student count from a district's total ADM. Likewise, only 50% of the kindergarten student count is included in ADM to reflect the traditional half-day kindergarten program offered in Ohio. Funding for all-day kindergarten programs is provided through poverty-based assistance to districts with above average concentrations of poor students. This funding is discussed in the categorical cost section. Following is the expression for computing the ADM used in the base cost formula.

> State funding is allocated to a district based on the number of students residing in the district. If the student is not educated in the district where the student resides, funds follow the student to the educating district or school.

ADM = Total Resident Student Count – 50% Kindergarten Count – 80% JVS Count
Annual ADM = 75% x October ADM + 25% x February ADM

Statewide school district ADM funded in Ohio totaled 1,695,790 students in FY 2007 and 1,688,566 students in FY 2008.

Base Funding Supplements

In addition to the basic inputs captured by the base cost formula amount, a number of supplements[2] are provided for certain inputs that the Blue Ribbon Task Force recommended for funding. These supplements include academic intervention services, professional development, data-based decision making, and professional development regarding data-based decision making. The supplement for professional development is phased in at 25% in FY 2006 and 75% in FY 2007, FY 2008, and FY 2009, while funding for the other supplements is fully implemented beginning in FY 2006. Table 5 shows the per pupil value of each supplement in FY 2006 through FY 2009.

Table 5: Base Funding Supplements Per Pupil, FY 2006 through FY 2009

Supplement Category	FY 2006	FY 2007	FY 2008	FY 2009
Academic Intervention Services	$25.00	$25.50	$26.26	$27.05
Professional Development	$3.50	$10.73	$11.05	$11.38
Data-Based Decision Making	$5.28	$5.40	$5.56	$5.73
Professional Development – Data-Based Decision Making	$6.22	$6.36	$6.55	$6.75
Total	**$40.00**	**$47.99**	**$49.42**	**$50.91**

The supplement for academic intervention services provides funding to all districts to provide large group intervention services beyond those funded through the current formula amount. Additional funding for intervention is provided to districts with high concentrations of poor students through poverty-based assistance which is described in the categorical cost section. The supplement for academic intervention services provides 25 hours of intervention to each group of 20 students. It is calculated for each district according to the following formula. The base funding supplement for academic intervention services totaled $43.2 million statewide in FY 2007 and $44.3 million statewide in FY 2008.

Academic Intervention Services =
25 x ADM/20 x hourly rate

(Hourly rate equals $20.00 in FY 2006, $20.40 in FY 2007, $21.01 in FY 2008, and $21.64 in FY 2009)

[2] The funding formula for the 49 joint vocational school districts has the same base cost formula amount as the funding formula for the 612 school districts. However, the former does not have the base cost funding supplement component.

The supplement for professional development provides an additional 4.5% of the formula amount for every teacher, assuming an overall student to teacher ratio of 17:1. This supplement is calculated for each district according to the following formula. The base funding supplement for professional development totaled $18.2 million statewide in FY 2007 and $18.7 million statewide in FY 2008.

Professional Development =
0.045 x Formula Amount x ADM/17 x Phase-in %

(Phase-in % equals 25% in FY 2006 and 75% in FY 2007, FY 2008, and FY 2009)

The supplement for data-based decision making provides an additional 0.1% of the formula amount for each student. This supplement is calculated for each district according to the following formula. The base funding supplement for data-based decision making totaled $9.2 million statewide in FY 2007 and $9.4 million statewide in FY 2008.

Data-Based Decision Making =
0.001 x Formula Amount x ADM

The supplement for professional development regarding data-based decision making provides an additional 8.0% of the formula amount for 20% of teachers assuming a student to teacher ratio of 17:1 and for each principal assuming a student principal ratio of 340:1. This supplement is calculated for each district according to the following formula. The base funding supplement for professional development regarding data-based decision making totaled $10.8 million statewide in FY 2007 and $11.1 million statewide in FY 2008.

Professional Development for Data-Based Decision Making =
0.2 x ADM/17 x 0.08 x Formula Amount
+ ADM/340 x 0.08 x Formula Amount

Total Base Cost

The total base cost for each district is calculated by multiplying the district's per pupil base cost by the district's ADM and then adding the district's base funding supplements for academic intervention services, professional development, data-based decision making, and professional development for data-based decision making. This is summarized in the following formula. The school district total base cost was about $9,298.5 million ($9.3 billion) statewide in FY 2007 and $9,480.3 million ($9.5 billion) statewide in FY 2008.

Total Base Cost =
(Per Pupil Base Cost x ADM)
+ Base Funding Supplements

Base Cost – Distribution of State Funds

After determining the state-defined base cost as described above, the state's second challenge is to determine how to distribute state funding to school districts in order to ensure that they are all able to meet this state-defined base cost with a combination of state and local revenue. As seen previously, the amount of local revenue the district raises is dependent, largely, on the property wealth of the district. The amount of revenue generated by a one-mill property tax levy varies from about $50 per student in some low wealth districts to more than $200 per student in some high wealth districts. The base cost formula neutralizes the effect of these different levels of property wealth on school districts' abilities to fund the base cost. This is accomplished by basing the local share of the base cost on a uniform 23 mills (2.3%) of local property tax levies, as measured by multiplying each district's total taxable property value (recognized valuation) by 0.023. After the local share is met, the state makes up the difference. Therefore, the base cost funding formula creates an inverse relationship between the state share of base cost funding for a district and that district's per pupil taxable property value. Generally, districts with relatively low wealth receive a relatively high share of base cost funding from the state. The effect of this type of formula is often called equalization. That is, the formula equalizes the amount of per pupil revenues (both state and local) generated by the first 23 mills of property taxes levied in each school district in Ohio. Specifically, the state ensures that the first 23 mills of property tax levies in each school district raises, through a combination of local revenue and state base cost funding, the base cost formula amount ($5,565 in FY 2008) plus the base funding supplements for every student in the state. The expression for the base cost funding formula is given in Table 6. State base cost funding for school districts totaled approximately $4,198.2 million in FY 2007 and $3,917.4 million in FY 2008.

> State base cost funding is distributed so that the educating district or school receives the same base cost formula amount plus the per pupil base funding supplements for each student through a combination of state and local revenues. The local share of this amount is a uniform 23 mills (2.3%) of local property tax value.

Table 6: Base Cost Funding Formula
Total Base Cost = Local Share + State Share
Local Share = Total Recognized Valuation x 0.023
State Share = Total Base Cost – Local Share

The following is an example of the base cost calculation for a hypothetical district, District A. District A's student counts are given below.

District A's Student Counts for FY 2008		
Student Counts	**October Count**	**February Count**
Total Student Count	1,000	980
Kindergarten Count	80	80
JVS Count	30	30

From this information District A's ADM can be calculated as follows:

ADM October = 1,000 – (0.5 x 80) – (0.8 x 30) = 936
ADM February = 980 – (0.5 x 80) – (0.8 x 30) = 916
Annual ADM for FY 2008 = (0.75 x 936) + (0.25 x 917) = 931

With this annual ADM amount, District A's base funding supplements for FY 2008 can be calculated as follows:

District A's Academic Intervention Services for FY 2008 =
25 x ADM/20 x hourly rate =
25 x (931/20) x $21.01 = $24,450

District A's Professional Development for FY 2008 =
0.045 x Formula Amount x ADM/17 x Phase-in % =
0.045 x $5,565 x (931/17) x 0.75 = $10,286

District A's Data-Based Decision Making for FY 2008 =
0.001 x Formula Amount x ADM =
0.001 x $5,565 x 931 = $5,181

District A's Professional Development for Data-Based Decision Making for FY 2008 =
(0.2 x ADM/17 x 0.08 x Formula Amount) + (ADM/340 x 0.08 x Formula Amount) =
(0.2 x (931/17) x 0.08 x $5,565) + ((931/340) x 0.08 x $5,565) = $6,095

District A's total base cost can be calculated as follows:

District A's Total Base Cost for FY 2008 =
(Base Cost Formula Amount x ADM) + Base Funding Supplements =
($5,565 x 931) + $24,450 + $10,286 + $5,181 + $6,095 = $5,227,027

Recognized Valuation

As can be seen in Table 6 above, the local share of the base cost is based on the "recognized valuation." Taxable property value in Ohio is divided into four major categories: (1) Class I real property (residential and agricultural real property), (2) Class II real property (commercial, industrial, and mineral real property), (3) public utility tangible personal property, and (4) general business tangible personal property (which is being phased out and will be completely eliminated by TY 2011). Real property values are updated every three years and reappraised every six years in Ohio mainly to account for inflationary increases. As a result, in the reappraisal and update years, school districts generally will experience significant increases in real property value, which will significantly increase the districts' local shares of the base cost and, therefore, decrease their state shares. To prevent a school district's state base cost funding from fluctuating significantly from one year to another because of reappraisals and updates, valuation used in calculating a district's local share of the base cost "recognizes" the district's inflationary increase in carryover real property (property that was taxed in the year before) in the reappraisal or update year evenly over three years instead of all at once. So, if a district experiences a 15% inflationary increase in real property in a reappraisal year, recognized valuation only recognizes a 5% increase in that year, 10% increase in the following year, and the full 15% increase in the third year. Recognized valuation is calculated as follows:

Recognized Valuation in Update or Reappraisal Year = Actual Valuation – 2/3 x Inflationary Increase
Recognized Valuation in Second Year = Actual Valuation – 1/3 x Inflationary Increase
Recognized Valuation in Third Year = Actual Valuation

Tax years are generally from January 1 to December 31, whereas state and school fiscal years are from July 1 to June 30. In addition, most property taxes for a given tax year are paid in the following tax year. As a result of these two factors, recognized valuation for a given tax year is used in the base cost formula for the fiscal year two years after that tax year. For example, the recognized value for TY 2006 is used in the base cost formula for FY 2008 funding purposes. In TY 2006 (FY 2008), actual school district taxable value statewide was $257.2 billion, whereas recognized value was $248.1 billion, a difference of $9.1 billion. In FY 2008, therefore, recognized valuation reduced the local share and, accordingly, increased the state share of base cost funding statewide by about $210.7 million ($9.1 billion x 0.023). The fiscal effect of recognized valuation varies from one year to another since the proportion of real property going through reappraisal or update varies from one year to another. On average, over a full six-year reappraisal and update cycle, recognized value lowers the local share and, accordingly, increases the state share of base cost funding by approximately $125 million per year. In FY 2008, recognized valuation per pupil statewide was about $147,000. It ranged from less than $60,000 for the 14 lowest wealth districts to more than $300,000 for the 14 highest wealth districts.

Table 7 computes the local share and state share for the hypothetical District A, as well as two other hypothetical districts that are identical to District A except for their property wealth. District A's recognized valuation per pupil in FY 2008 is $124,597, District B's is $61,026, and District C's is $183,079. The local share for each of the three districts is calculated in line 5 of the table by multiplying the district's recognized valuation by 23 mills (0.023). District A's local share is $2.7 million, District B's is $1.3 million, and District C's is $3.9 million. Since these districts have the same ADM their total base cost is the same. The state share for each of the three districts is calculated in line 6 of the table by subtracting each district's local share from its total base cost. Line 7 and line 8 show the initial local share percentage (the percentage of the base cost funded by the district) and the initial state share percentage (the percentage of the base cost funded by the state), respectively.

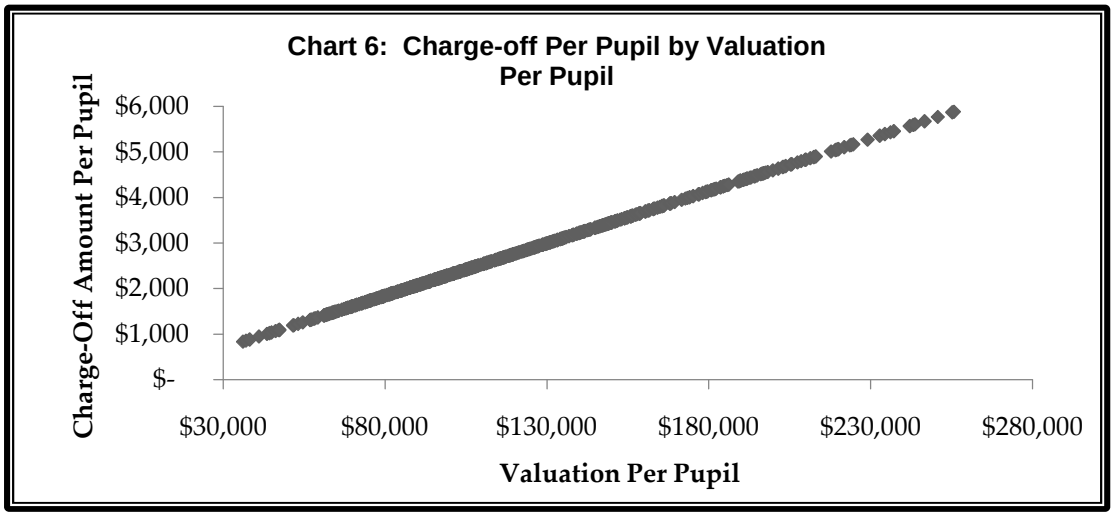
Table 7: The Base Cost Funding Formula

		District A	District B	District C
Line 1	ADM	931	931	931
Line 2	Total Base Cost	$5,227,027	$5,227,027	$5,227,027
Line 3	Recognized Valuation	$116,000,000	$56,815,511	$170,446,533
Line 4 = L3/L1	Recognized Valuation Per Pupil	$124,597	$61,026	$183,079
Line 5 = L3*0.023	Local Share	$2,668,000	$1,306,757	$3,920,270
Line 6 = L2-L5	State Share	$2,559,027	$3,920,270	$1,306,757
Line 7 = L5/L2	Initial Local Share Percentage	51%	25%	75%
Line 8 = L6/L2	Initial State Share Percentage	49%	75%	25%

The equalization effect of the base cost funding formula is evident from this example as the highest wealth district, District C, has the highest initial local share percentage (75%) and the lowest initial state share percentage (25%), whereas the lowest wealth district, District B, has the lowest initial local share percentage (25%) and the highest initial state share percentage (75%). District A is in the middle of the two.

Charge-Off Rate

The local share of the base cost is also called the charge-off and the millage rate (23 mills or 2.3%) that is applied to recognized valuation to obtain the local share is called the charge-off rate. In TY 2006, statewide school district operating revenue was approximately 32.9 mills of statewide total taxable property value. At the 23-mill charge-off, the base cost formula equalizes about 69.9% (23/32.9) of local operating revenue. A higher charge-off rate equalizes a higher percentage of local operating revenue and a lower charge-off rate equalizes a lower percentage of local operating revenue.



Local Share of the Base Cost

The local share or charge-off is a fixed amount of revenue regardless of a district's enrollment. The current charge-off method generates charge-off amounts that exhibit an upward linear relationship with each district's recognized valuation per pupil. That is, a school district with a higher per pupil valuation will also have a higher per pupil charge-off amount (see Chart 6).

State Share Percentage

The state share mentioned above is termed the "initial" state share percentage because Am. Sub. H.B. 119 of the 127th General Assembly begins to include each district's poverty-based assistance and parity aid in both the district's total base cost and state share to calculate the state share percentage. This state share percentage is used to calculate the state share of the special education and career-technical education costs as described below. Poverty-based assistance and parity aid are also discussed later in this analysis. Starting in FY 2008, the state share percentage is calculated as follows:

State Share Percentage =
(State Base Cost Funding + Poverty-Based Assistance + Parity Aid) divided by
(Total Base Cost + Poverty-Based Assistance + Parity Aid)

Equalization Level

In FY 2008, with a base cost formula amount of $5,565 and $49.42 per pupil in base funding supplements, the base cost funding formula equalizes per pupil valuation up to $244,105 (($5,565 + $49.42)/0.023). This per pupil valuation is called the equalization level and represents the 96th percentile ranking in valuation per pupil in the state. School districts with

The hypothetical District A's poverty-based assistance and parity aid are calculated later in this analysis. Using these results, District A's state share percentage can be calculated as follows:

District A's State Share Percentage in FY 2008 =
(State Base Cost Funding + Poverty-Based Assistance + Parity Aid) /
(Total Base Cost + Poverty-Based Assistance + Parity Aid)
($2,559,027 + $729,331 + $379,848) / ($5,227,027 + $729,331 + $379,848) = 57.9%

valuations per pupil below the equalization level (approximately 585 or 95.6% of all districts) have various state shares of base cost funding. School districts with valuations per pupil above the equalization level (approximately 27 districts or 4.4% of all districts) have a state share equal to zero. Chart 7 shows state base cost funding per pupil and local revenue per pupil with 23 mills of local property taxes based on each district's wealth per pupil ranking. This chart demonstrates the equalization effect of the base cost funding formula for all districts below the 96th percentile in wealth per pupil. Per pupil base cost funding ($5,614 in FY 2008) for each district below the 96th percentile comes from a combination of state and local revenue from 23 mills of property taxes.

The Marginal Student Effect

As is clear from the formula, the local share is dependent only on the charge-off rate and the district's total recognized valuation. The state share, on the other hand, is dependent on the

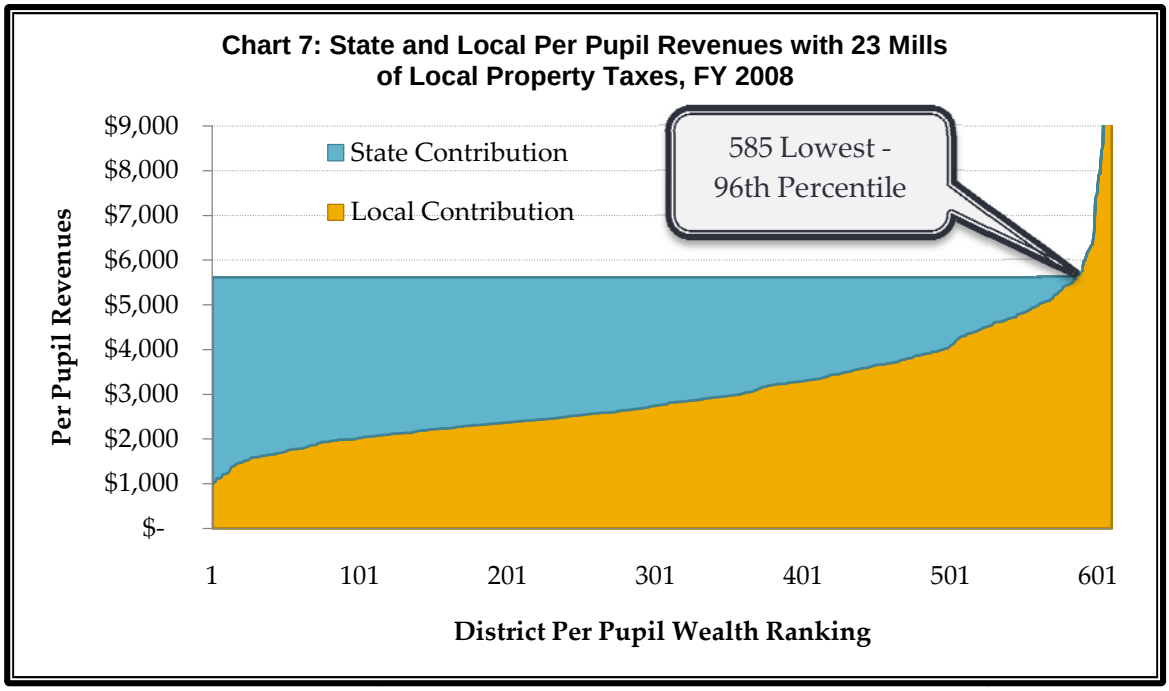


Table 8 illustrates the marginal student effect for the hypothetical District A. As can be seen from the table, although District A's state share per pupil (average) is initially $2,749, District A's state base cost funding increases by $5,614 for each student that is added to its 931 ADM. Conversely, District A's state base cost funding would decrease by $5,614 for each student that is subtracted from its 931 ADM. This marginal student funding amount for FY 2008 is equal to the total base cost per pupil for District A (base cost formula amount + base funding supplements per pupil = $5,565 + $49.42 = $5,614). A district's state share per pupil (average) changes when the district's ADM changes. As seen in Table 8, District A's state share per pupil increases from $2,749 to $2,752 when its ADM increases from 931 to 932 students.

Table 8: The Marginal Student Effect – District A Example
Local Share @ 23 Mills = $2,668,000
Total Base Cost (ADM = 931) = $5,227,027
State Share (ADM = 931) = $2,559,027
State Share Per Pupil (ADM = 931) = $2,559,027/931 = $2,749
Total Base Cost (ADM = 932) = $5,232,641
State Share (ADM = 932) = $2,564,641
Difference in Local Share when ADM Increases by One Student = $0
Difference in State Share when ADM Increases by One Student = $5,614
State Share Per Pupil (ADM = 932) = $2,564,641/932 = $2,752

district's total base cost as well as the district's local share contribution. The district's total base cost in turn is dependent on the district's ADM and the base cost formula amount as determined by the General Assembly. Therefore, a district's local share does not change when a district's ADM changes; only its state share changes. This is important because, while a district's average state base cost funding is a useful indicator of the district's wealth, when considering how state base cost funding changes when a district's ADM changes, one cannot look at the district's average state base cost funding per pupil, but must look at the district's marginal state base cost funding per pupil.

Special and Career-Technical Education and Transportation: State Model Amount

The base cost is the cornerstone of the state-defined basic education cost. However, funding for a flat per pupil base cost will not ensure a similar education for every student in every district since students have different needs and districts face different challenges. The current school funding model includes a series of adjustments to the base cost to account for individual districts' unique characteristics. Three of these adjustments are discussed in this and

State funding accounts for a district's unique characteristics that result in differences in costs that are beyond the district's control.

the following sections; they are for special education, career-technical education, and pupil transportation. Following this discussion, the adjustments made for gifted and disadvantaged students will be covered. As with the base cost, the state must first model the amounts of these categorical costs and then determine how to distribute state funding to school districts.

Special Education Weighted Cost

Am. Sub. H.B. 94 of the 124th General Assembly established a six-weight system for special education largely based on the recommendation of the Ohio Coalition for the Education of Children with Disabilities. Special education students are grouped into six categories based on their disabilities and assigned additional weights to reflect the higher costs required by special education services (Table 9). This six-weight system is phased in at 90% from FY 2005 to FY 2009.

Table 9: Special Education Additional Weight Categories	
Category One:	**0.2892** – Speech only
Category Two:	**0.3691** – Specific learning disabled, developmentally handicapped, other health – minor
Category Three:	**1.7695** – Hearing impaired, vision impaired, severe behavior handicapped
Category Four:	**2.3646** – Orthopedically handicapped, other health – major
Category Five:	**3.1129** – Multi-handicapped
Category Six:	**4.7342** – Autism, traumatic brain injury, both visually and hearing disabled

Each special education student is counted in the district's ADM as one student for the purposes of calculating the total base cost for the district. These students are also counted in each district's special education ADM, which is broken down by each special education category. The ADM for each category is multiplied by the corresponding weight to get the weighted ADM for each category. These weighted ADMs are added together for a total special education weighted ADM. The total weighted ADM is then multiplied by the base cost formula amount to arrive at the district's special education additional weighted cost. This calculation is summarized below.

Special Education Weighted ADM =
Category 1 ADM x 0.2892 + Category 2 ADM x 0.3691 + Category 3 ADM x 1.7695 +
Category 4 ADM x 2.3646 + Category 5 ADM x 3.1129 + Category 6 ADM x 4.7342

Special Education Weighted Cost =
Special Education Weighted ADM x Base Cost Formula Amount x Phase-in %

(Phase-in % = 90% in FY 2006, FY 2007, FY 2008, and FY 2009)

Speech Service Personnel Supplemental Cost

In addition to the special education weighted cost, the state model includes a supplemental cost for speech service personnel. This cost is calculated as a $30,000 personnel allowance for every 2,000 students in a district's ADM. This calculation is given below.

Speech Service Personnel Supplemental Cost =
(ADM/2,000) x $30,000

Career-technical education weighted cost

As are special education students, career-technical education students are assigned additional weights above the base cost to cover the higher costs of career-technical education services. Largely based on the Ohio Department of Education's recommendations, the additional weight is 0.57 for a career-technical student enrolled in a workforce development program and 0.28 for a career-technical student enrolled in any other career-technical education programs. Every career-technical student also receives a weight of 0.05 for associated services (Table 10).

Table 10: Career-Technical Education Additional Weight Categories
Workforce Development Program Weight: 0.57
Nonworkforce Development Program Weight: 0.28
All Career-Technical Education Program Associated Services Weight: 0.05

While special education weights apply to special education ADM, the weight for a career-technical education student is based on the time the student spends in career-technical education courses (career-technical education FTE). Typically, students enrolled in workforce development programs spend about 40% to 60% of their time in career-technical education courses. These students are counted as 0.4 or 0.6 FTEs for purposes of the weight calculation. It takes approximately two workforce development students to form one career-technical education FTE with an assigned weight of 0.57. Students enrolled in nonworkforce development programs generally spend less than 50% of their time in career-technical education courses. It may take two, three, or four nonworkforce development program students to form one career-technical education FTE for purposes of the weight calculation.

The FTE for each category is multiplied by the corresponding weight to get the weighted FTE for each category. These weighted FTEs are added together for a total weighted FTE. The

The following calculations continue the example of the hypothetical District A from the base cost sections. The table below shows District A's assumed ADMs for each of the six special education categories and the calculation of District A's total special education weighted ADM.

District A's Special Education ADM for FY 2008			
Categories	**ADM**	**Weighted ADM**	
One	17	17 x 0.2892 =	4.9
Two	82	82 x 0.3691 =	30.3
Three	11	11 x 1.7695 =	19.5
Four	0	0 x 2.3646 =	0.0
Five	0	0 x 3.1129 =	0.0
Six	5	5 x 4.7342 =	23.7
Total	--	--	78.4

District A's total special education weighted ADM is multiplied by the base cost formula amount and the phase-in percentage to obtain the following special education weighted cost in FY 2008.

District A's Special Education Weighted Cost for FY 2008 =
Special Education Weighted ADM x Base Cost Formula Amount x Phase-in % =
78.4 x $5,565 x 90% = $392,666

For the hypothetical District A the speech service personnel supplemental cost is calculated as follows.

District A's Speech Service Personnel Supplemental Cost for FY 2008 =
(ADM/2,000) x $30,000 =
931/2000 x $30,000 = $13,965

total weighted FTE is then multiplied by the base cost formula amount to arrive at the district's career-technical education additional weighted cost. This calculation is summarized below.

Career-Technical Education Weighted FTE =
Workforce Development FTE x 0.57 + Nonworkforce Development FTE x 0.28 +
Total Career-Technical FTE x 0.05

Career-Technical Education Weighted Cost =
Career-Technical Education Weighted FTE x Base Cost Formula Amount

The following calculations continue the example of the hypothetical District A. The table below shows District A's assumed FTEs for each of the two career-technical education categories and the calculation of District A's total weighted FTE.

District A's Career-Technical Education FTE for FY 2008			
Categories	**FTE**	**Weighted FTE**	
Workforce Development	10	10 x 0.57 =	5.7
Nonworkforce Development	8	8 x 0.28 =	2.2
Associated Service	10 + 8 = 18	18 x 0.05 =	0.9
Total	--	--	8.8

District A's total career-technical education weighted FTE is multiplied by the base cost formula amount to obtain the following career-technical education weighted cost in FY 2008.

District A's Career-Technical Education Weighted Cost for FY 2008 =
Career-Technical Education Weighted FTE x Base Cost Formula Amount =
8.8 x $5,565 = $48,972

It should be noted that the funding for associated services would eventually be transferred to the lead career-technical education planning districts that actually provide these services. The same weights also apply to students enrolled in joint vocational school districts (JVSDs). JVSDs are funded through a separate but comparable formula that is discussed at the end of this section.

GRADS Teacher Supplemental Cost

In addition to career-technical education weighted costs, the state model includes the cost of up to 225 FTE GRADS (Graduation, Reality, and Dual-role Skills) teachers approved by ODE. The state model multiplies each GRADS FTE teacher by a personnel allowance equal to $47,555. Most GRADS teachers are currently employed by JVSDs. This calculation is shown below.

GRADS Teacher Supplemental Cost for FY 2008 =
$47,555 x Approved GRADS Teacher FTE(s)

Pupil Transportation

Am. Sub. H.B. 66 of the 126th General Assembly suspended the application of the state model and distribution formula for pupil transportation in FY 2006 and FY 2007. It provided

Assuming the hypothetical District A has 0.5 FTE approved GRADS teachers, its GRADS teacher supplemental cost for FY 2008 is as calculated below.

District A's GRADS Teacher Supplemental Cost for FY 2007 =
$47,555 x Approved GRADS Teacher FTE(s) =
$47,555 x 0.5 = $23,778

school districts receiving state pupil transportation funding in FY 2005 an annual increase of 2% in FY 2006 and FY 2007. Similarly, Am. Sub. H.B. 119 of the 127th General Assembly continues to suspend the model and provides annual increases of 1% in FY 2008 and FY 2009. This section describes the transportation formula as it currently exists in state law.

Transportation costs are partly under the control of school districts and partly outside of their control. The number of students who are required to be transported, geographical size of the district, and quality of the roads in the district are factors that are outside of the district's control but contribute to the district's cost of transportation. Within these constraints, the district sets its transportation policy, including scheduling which gives it some control over costs.

The state model for transportation costs takes into account the fact that districts have some control over their costs through the choices they make in setting transportation policy.

In recognition of the dual nature of transportation costs, the state has used a statistical regression model to determine the amount of funding for regular pupil transportation in an attempt to promote efficiency. In particular, the model is based on a statewide analysis of each district's daily bus mileage per ADM, percentage of pupils transported, and transportation costs. The data analysis yields a simple equation that can be used to model the transportation cost per ADM for each district. Since the analysis is based on the previous year's data this model cost is inflated by 2.8%. An example of this calculation is given below using data from FY 2004. Based on FY 2004 data, the model predicted a total statewide cost of approximately $560.3 million for FY 2005, representing about 92.6% of the actual pupil transportation costs statewide reported by school districts for that year.

Pupil Transportation Cost Model
Step 1: Model Cost per ADM = $81.37 + $213.77 x Daily Miles per ADM + $152.98 x Transported Pupil %
Step 2: Total Model Cost = Model Cost per ADM x ADM
Step 3: Inflated Model Cost = Total Model Cost x 1.028

For purposes of showing how the model normally works, the hypothetical District A's model cost for FY 2005 is calculated below. Assume that in FY 2004 District A transported 50% of its students at an average of 1.0 mile per ADM.

District A's Pupil Transportation Model Cost for FY 2005
Step 1: Model Cost per ADM = $81.37 + ($213.77 x Daily Miles per ADM) + ($152.98 x Transported Pupil %)
District A's Model Cost per ADM = $81.37 + ($213.77 x 1.0) + ($152.98 x 50%) = $371.63
Step 2: Total Model Cost = Model Cost per ADM x ADM
District A's Total Model Cost (FY 2004) = $371.63 x 931 = $345,988
Step 3: Inflated Model Cost = Total Model Cost x 1.028
District A's Inflated Model Cost (FY 2005) = $345,988 x 1.028 = $355,675

The regression model includes funding only for two main types of pupil transportation methods: board-owned and operated school buses (type one) and contractor-owned and operated school buses (type two). A small percentage of "regular students" are transported by four other methods. Payments for these students as well as for special needs transportation are made pursuant to rules adopted by the State Board of Education.

Rough Road Supplement

In addition to the regression model, a rough road supplement provides additional subsidies to mainly large, rural, low-density districts in counties with high percentages of rough roads as defined by the Department of Transportation. The rough road percentage data are available only on a countywide basis. However, a district located within a municipal boundary in a rural county often has the majority of good roads in that county and therefore has a much lower rough road percentage than its county average. A district's density (total ADM per square mile) can be used to minimize this data limitation. Generally, the pupil density for a rural district is much lower than that for an urban district. By using both the rough road percentage and pupil density variables, the rough road supplement formula provides targeted funding to large rural districts that have the highest needs.

Specifically, the maximum rough road subsidy for a district with the highest rough road percentage in the state is $0.75 per mile. The maximum subsidy amount is scaled down to zero for a district with the statewide average rough road percentage. A density multiplier is then applied. The district with the lowest density in the state has a multiplier factor of 100%. The maximum factor is scaled down to zero for a district with the statewide average density. A district's adjusted rough road subsidy amount is determined by multiplying the district's rough road subsidy amount by its density multiplier factor. This density factor adjustment ensures

that when two districts have the same rough road percentage, the district with a lower density will receive a higher subsidy. The rough road subsidy formulas can be summarized as follows:

Table 11: Rough Road Supplement Formula		
Per rough road mile subsidy	= $0.75 – $0.75 x	(Maximum county rough road % – District's rough road %) / (Maximum county rough road % – State average rough road %)
Total rough road subsidy = Per pupil rough road mile subsidy x Total rough road miles Total rough road miles = Total annual miles traveled x Rough road %		
Pupil density multiplier %	= 100% – 100% x	(Maximum pupil density – District's pupil density) / (Maximum pupil density – State average pupil density)
Adjusted total rough road subsidy = Total rough road subsidy x Pupil density multiplier %		

For FY 2005, the rough road subsidy totaled about $3.3 million, and was distributed to 108 school districts. The rough road subsidy ranged from less than $1 to about $160 per transported pupil.

Special and Career-Technical Education and Transportation: Distribution of Funds

State funding for special and career-technical education as well as for transportation is distributed based on each district's state share percentage. As demonstrated in the previous sections on base cost funding, the state share percentage is calculated by dividing the state share of base cost funding plus poverty-based assistance plus parity aid for each district by the total base cost plus poverty-based assistance plus parity aid for that district. This percentage ranges from zero for some very wealthy districts to approximately 90% for some very low wealth districts. For special and career-technical education, state funding is determined by multiplying the special education weighted costs, the speech supplement, the career-technical education weighted costs, and the GRADS costs by the district's state share percentage. A similar calculation had been made for transportation funding, except that for transportation the state provided a minimum of 60% of the modeled cost. These calculations are shown below.

Additional State Funding for Special Education =
(Special Education Weighted Cost + Speech Supplement) x State Share Percentage

Additional State Funding for Career-Technical Education =
(Career-Technical Education Weighted Cost + GRADS Supplement Cost) x State Share Percentage

Additional State Funding for Transportation =
Transportation Model Cost x (Maximum of 60% or State Share Percentage) + Rough Road Supplement

The hypothetical District A's additional state funding for special and career-technical education is calculated as follows:

District A's State Funding for Special Education for FY 2008 =
(Special Education Weighted Cost + Speech Supplement) x State Share Percentage
($392,666 + $13,965) x 57.9% = $235,410

District A's State Funding for Career-Technical Education for FY 2008 =
(Career-Technical Education Weighted Cost + GRADS Supplement Cost) x State Share Percentage
($48,972 + $23,778) x 57.9% = $42,117

The hypothetical District A's additional state funding for transportation in FY 2005 as well as the two percent increases mandated for FY 2006 and FY 2007 by H.B. 66 and the one percent increases mandated for FY 2008 and FY 2009 are calculated as follows.

District A's State Funding for Transportation for FY 2005 =
Transportation Model Cost x (Maximum of 60% or State Share Percentage) + Rough Road Supplement
$355,675 x 60% + $0 = $213,405
District A's State Funding for Transportation for FY 2006 = $213,405 x 1.02 = $217,673
District A's State Funding for Transportation for FY 2007 = $217,673 x 1.02 = $222,026
District A's State Funding for Transportation for FY 2008 = $217,673 x 1.01 = $224,246
District A's State Funding for Transportation for FY 2009 = $217,673 x 1.01 = $226,488

For the 612 school districts, additional state funding for special education totaled about $432.7 million in FY 2007 and $461.4 million in FY 2008, for career-technical education totaled about $48.2 million in FY 2007 and $51.5 million in FY 2008, and for transportation totaled about $359.7 million in FY 2007 and $363.3 million in FY 2008.

Poverty-Based Assistance: State Model Amount and Distribution of State Funds

Another categorical cost is that incurred by districts with disadvantaged students. These students may come to school under-prepared and need extra time in kindergarten, extra attention in the lower grades, and an increased level and intensity of intervention throughout their school careers. School districts with high concentrations of disadvantaged students may need to offer more teacher professional development and major urban districts may need to provide more community outreach and more dropout prevention programs. In addition, the

combination of high concentrations of disadvantaged students and limited English proficient (LEP) students may further result in higher costs for districts. The state uses students from low-income families as a proxy for disadvantaged students. Studies have shown that students from low-income families perform less well in school than their peers from middle and high-income families. Poverty-based assistance is designed to help districts with high concentrations of students living in poverty meet the additional needs of these students. The state model amount and the distribution of state funds are discussed together because poverty-based assistance is generally funded by the state.

Poverty-based assistance consists of eight subsidies: all-day kindergarten, increased learning opportunities, LEP intervention, professional development, community outreach, dropout prevention, and closing the achievement gap. Beginning in FY 2008, all of these subsidies except for LEP intervention are fully funded, funding for LEP intervention is funded at the 70% level in FY 2007, FY 2008, and FY 2009. Funding eligibility for each of the eight subsidies is based on a district's poverty index, which is equal to the percentage of students in the district who are living in poverty divided by the percentage of students in the state who are living in poverty, where poverty is defined as being from families who participate in Ohio Works First (OWF). However, with the exception of a portion of intervention funding, funding amounts for all programs are based on a district's ADM, not on the district's number of OWF students.

> The per pupil funding needed for disadvantaged students is generally higher in districts with higher concentrations of those students.

A poverty index of 1.0 means that the district has a concentration of OWF students equal to the state average. Higher indices indicate a greater concentration and lower indices indicate a lower concentration. The poverty index calculation is shown below.

Poverty index =
% of students in district who are living in poverty / % of students in the state who are living in poverty

(Students living in poverty are those whose families participate in Ohio Works First)

The state percentage of OWF students in FY 2008 is approximately 5.0%. Assuming the hypothetical District A has an OWF percentage of 7.5%, District A's poverty index is 1.5 as shown below.

District A's Poverty index for FY 2008 =
% of students in district who are living in poverty / % of students in the state who are living in poverty =
7.5% / 5.0% = 1.5

All-Day Kindergarten Funding

School districts with a poverty index of at least one are eligible for all-day kindergarten funding. The appropriation generally assumes eligible districts would provide this service to all of their kindergarten students in order to appropriate the maximum amount of funding for the program. However, the actual funding amount is calculated based on each district's percentage of kindergarten students that actually receive this service, as shown below.

All-day Kindergarten Funding =
Kindergarten ADM x 50% x Formula amount x Actual all-day kindergarten percentage

(The other 50% of kindergarten ADM is included in formula ADM to qualify for base cost funding)

The change in a district's poverty index from slightly above one to slightly below one or vice versa could have a significant impact on the district's all-day kindergarten funding. To stabilize this funding, districts that received all-day kindergarten funding in the previous year (i.e., districts that were eligible and actually provided all-day kindergarten services) continue to be eligible for this funding in the next year regardless of their index numbers. All-day kindergarten funding totaled about $118.1 million statewide for 122 districts in FY 2007 and $120.6 million for 125 districts in FY 2008.

Since the hypothetical District A has a poverty index greater than 1.0, it would be eligible for all-day kindergarten funding. Assuming District A provides all-day kindergarten to all of its kindergarten students, its funding would be calculated as follows:

District A's All-day Kindergarten Funding for FY 2008 =
Kindergarten ADM x 50% x Formula amount x Actual all-day kindergarten percentage
80 x 50% x $5,565 x 100% = $222,600

Increased Learning Opportunities

This program provides funding to assist districts with high concentrations of poverty to provide increased learning opportunities. Funding is calculated based on the amount needed to reduce the student to teacher ratio in kindergarten through third grade down toward 15:1. It is assumed that the current student to teacher ratio in these grades is 20:1. As with all-day kindergarten funding, a district is eligible for this funding if its poverty index is greater than 1.0. Districts with indices at or above 1.5 receive funding to reduce student to teacher ratios from 20:1 all the way to 15:1. Districts with poverty indices from 1.0 to 1.5 are provided funding on a sliding scale. The salary allowance funded for each additional teacher is equal to the base teacher compensation: $56,754 in FY 2008 and $58,621 in FY 2009. The following table

summarizes the calculations for the increased learning opportunities subsidy. This funding totaled about $119.7 million statewide in FY 2007 and $125.5 million in FY 2008.

Increased Learning Opportunities Funding
Step 1: Total needed teachers for districts to have student to teacher ratios ranging from 15:1 to 20:1 If the district's poverty index is greater than or equal to 1.5: Total needed teachers = (K-3 regular ADM)/15 If the district's poverty index is at least 1.0 but less than 1.5: Total needed teachers = (K-3 regular ADM) x (1/20 + ((Poverty index – 1.0)/0.5) x (1/15-1/20))
Step 2: Total assumed current available teachers = (K-3 regular ADM)/20
Step 3: Total needed new teachers = Total needed teachers (Step 1) – Total assumed current available teachers (Step 2)
Step 4: Total funding = Total needed new teachers (Step 3) x Teacher Salary Allowance

(Teacher Salary Allowance = $56,754 in FY 2008 and $58,621 in FY 2009)

Assuming the hypothetical District A's kindergarten through third grade regular student ADM is 300, District A's increased learning opportunities funding calculation is given below.

District A's K-3 Increased Learning Opportunities Funding for FY 2008
Step 1: Total needed teachers for districts to have student to teacher ratios ranging from 15:1 to 20:1 If the district's poverty index is greater than or equal to 1.5: Total needed teachers = (K-3 regular ADM)/15
District A's total needed teachers = 300/15 = 20
Step 2: Total assumed current available teachers = (K-3 regular ADM)/20
District A's total assumed current available teachers = 300/20 = 15
Step 3: Total needed new teachers = Total needed teachers (Step 1) – Total assumed current available teachers (Step 2)
District A's total needed new teachers = 20 – 15 = 5
Step 4: Total funding = Total needed new teachers (Step 3) x Teacher Salary Allowance
District A's total increased learning opportunities funding = 5 x $56,754 = $283,770

Intervention

Districts with indices greater than 0.25 are eligible for additional state funding for intervention beyond what is provided through base cost funding. There is a three-tier calculation for intervention as follows:

(1) Tier 1: Large group intervention for all students
   (a) 20:1 student to teacher ratio
   (b) Districts with indices greater than 0.75 receive 25 hours in each fiscal year

(c) Districts with indices between 0.25 and 0.75 receive up to 25 hours on a sliding scale

(2) Tier 2: Medium group intervention for all students
- (a) 15:1 student to teacher ratio
- (b) Districts with indices greater than 1.5 receive 50 hours in each fiscal year
- (c) Districts with indices between 0.75 and 1.5 receive 25 to 50 hours on a sliding scale

(3) Tier 3: Small group intervention for three times the number of OWF students
- (a) 10:1 student to teacher ratio
- (b) Districts with indices greater than 2.5 receive 160 hours in each fiscal year
- (c) Districts with indices between 1.5 and 2.5 receive 25 to 160 hours on a sliding scale

The total number of intervention hours funded for each district is equal to the sum of the hours calculated under each tier. Each hour of intervention is funded at $21.01 in FY 2008 and $21.64 in FY 2009. These calculations are summarized below. Poverty-based intervention funding totaled about $113.1 million statewide in FY 2007 and $113.6 million in FY 2008.

Intervention Funding
Tier 1 If the district's poverty index is greater than or equal to 0.75: Tier 1 hours = (formula ADM/20) x 25 If the district's poverty index is at least 0.25 but less than 0.75: Tier 1 hours = (formula ADM/20) x (poverty index – 0.25)/0.5 x 25
Tier 2 If the district's poverty index is greater than or equal to 1.5: Tier 2 hours = (formula ADM/15) x 50 If the district's poverty index is at least 0.75 but less than 1.5: Tier 2 hours = (formula ADM/15) x (25 + (poverty index – 0.75)/0.75 x 25)
Tier 3 If the district's poverty index is greater than or equal to 2.5: Tier 3 hours = ((poverty students x 3)/10) x 160 If the district's poverty index is at least 1.5 but less than 2.5: Tier 3 hours = ((poverty students x 3)/10) x (25 + (poverty index – 1.5) x 135)
Total Total Hours = (Tier 1 + Tier 2 + Tier 3) Total Funding = Total Hours x Hourly Rate

(Hourly Rate = $21.01 in FY 2008 and $21.64 in FY 2009)

In general, districts with poverty indices above 0.25 receive up to $26.26 per student in FY 2008 and up to $27.05 per student in FY 2009 for the first tier. Districts with poverty indices above 0.75 receive from $35.02 to $70.03 per student in FY 2008 and from $36.07 to $72.13 per student in FY 2009 for the second tier. Finally, districts with poverty indices above 1.5 receive from $157.58 to $1,008.48 per OWF student in FY 2008 and from $162.30 to $1,038.72 per poverty

Assuming the hypothetical District A has 70 OWF students and a poverty index of 1.5, this calculation is as follows:

District A's Intervention Funding for FY 2008
Tier 1 If the district's poverty index is greater than or equal to 0.75: Tier 1 hours = (formula ADM/20) x 25 District A's Tier 1 hours = 931/20 x 25 = 1,164 hours
Tier 2 If the district's poverty index is greater than or equal to 1.5: Tier 2 hours = (formula ADM/15) x 50 District A's Tier 2 hours = 931/15 x 50 = 3,103 hours
Tier 3 If the district's poverty index is at least 1.5 but less than 2.5: Tier 3 hours = ((OWF students x 3)/10) x (25 + (poverty index – 1.5) x 135) District A's Tier 3 hours = (70 x 3)/10 x (25 + (1.5 – 1.5) x 135) = 210/10 x (25 + 0) = 21 x 25 = 525
Total Total Hours = (Tier 1 + Tier 2 + Tier 3) District A's total hours = 1,164 + 3,103 + 525 = 4,792 Total Funding = Total Hours x Hourly Rate District A's total funding = 4,792 x $21.01 = $100,680

student in FY 2009 for the third tier. Districts with indices above 2.5 receive the maximum amount of intervention funding, which equals $122.55 per pupil plus $1,008.48 per OWF pupil in FY 2008 and $126.23 per pupil plus $1,038.72 per OWF pupil in FY 2009. In addition to this funding provided to districts with poverty indices greater than 0.25, all districts receive 25 hours of large group intervention through the base funding supplement described above ($26.26 per student in FY 2008 and $27.05 per student in FY 2009). The total funding for intervention is summarized in Tables 12 and 13.

Table 12: Intervention Funding in FY 2008, Based on Poverty Indices

Poverty Index Ranges	Base Funding Supplement	Tier 1 Per Pupil	Tier 2 Per Pupil	Total Per Pupil	Tier 3 Per OWF Pupil
0 to 0.25	$26.26	---	---	$26.26	---
0.25 to 0.75	$26.26	$0.00 to $26.26	---	$26.26 to $52.52	---
0.75 to 1.5	$26.26	$26.26	$35.02 to $70.03	$87.54 to $122.55	---
1.5 to 2.5	$26.26	$26.26	$70.03	$122.55	$157.58 to $1,008.48
Above 2.5	$26.26	$26.26	$70.03	$122.55	$1,008.48

Table 13: Intervention Funding in FY 2009, Based on Poverty Indices					
Poverty Index Ranges	Base Funding Supplement	Tier 1 Per Pupil	Tier 2 Per Pupil	Total Per Pupil	Tier 3 Per Poverty Pupil
0 to 0.25	$27.05	---	---	$27.05	---
0.25 to 0.75	$27.05	$0.00 to $27.05	---	$27.05 to $54.10	---
0.75 to 1.5	$27.05	$27.05	$36.07 to $72.13	$90.17 to $126.23	---
1.5 to 2.5	$27.05	$27.05	$72.13	$126.23	$162.30 to $1,038.72
Above 2.5	$27.05	$27.05	$72.13	$126.23	$1,038.72

Limited English Proficient Student Intervention

This subsidy provides funding to districts with poverty indices greater than or equal to 1.0 and with at least 2% of students who are limited English proficient (LEP). This funding is phased in at 70% in FY 2008 and FY 2009. For districts with indices greater than or equal to 1.75, funding equal to 25.0% of the formula amount is provided for each LEP student. Funding is provided on a sliding scale from 12.5% to 25.0% for districts with indices between 1.0 and 1.75. In FY 2006 and FY 2007 the percentage of LEP students that was reported on each district's local report card for the 2002-2003 school year was used as a basis for this funding. Am. Sub. H.B. 119 of the 127th General Assembly continues to use these LEP student numbers and percentages for FY 2008 and FY 2009. The calculations for this funding are summarized in the following table. LEP student intervention funding totaled about $8.3 million statewide for ten school districts in FY 2007 and $8.6 million for 11 school districts in FY 2008.

Limited English Proficient Funding
If the qualifying district's poverty index is greater than or equal to 1.75: Per LEP student funding = formula amount x 0.25 If the qualifying district's poverty index is at least 1.0 but less than 1.75: Per LEP student funding = formula amount x (0.125 + (poverty index – 1.0)/0.75 x 0.125)
Total Funding = Per LEP student funding x LEP student count x phase-in percentage

(Qualifying districts have reported on their report cards for the 2002-2003 school year an LEP student % of at least 2% and have poverty indices at least equal to 1.0)
(LEP student count is the number of LEP students used to determine the LEP student % on district report cards for the 2002-2003 school year)
(Phase-in percentage = 70% in FY 2008 and FY 2009)

In general, districts qualifying for this funding receive from $487 to $974 per LEP student in FY 2008 and from $502 to $1,003 per LEP student in FY 2009.

Teacher Professional Development

This program provides funding for additional teacher professional development to districts with poverty indices greater than or equal to 1.0. The calculation assumes that each

Assuming the hypothetical District A has 25 LEP students and an LEP student percentage greater than 2.0%, the calculation for District A's LEP funding is given below.

District A's Limited English Proficient Funding for FY 2008
If the qualifying district's poverty index is at least 1.0 but less than 1.75: Per LEP student funding = formula amount x (0.125 + (poverty index – 1.0)/0.75 x 0.125)
District A's per LEP student funding = $5,565 x (0.125 + (1.5 – 1)/0.75 x 0.125) = $5,565 x 0.208 = $1,158
Total Funding = Per LEP student funding x LEP student count x phase-in percentage
District A's total LEP funding = $1,158 x 25 x 70% = $20,265

district's student to teacher ratio is 17:1. For districts with poverty indices greater than or equal to 1.75, funding of 4.5% of the formula amount is provided per assumed teacher. Funding per teacher is provided to districts with indices between 1.0 and 1.75 on a sliding scale. The calculation is given below. Poverty-based teacher professional development funding totaled about $4.1 million statewide in FY 2007 and $6.1 million in FY 2008.

Teacher Professional Development Funding
If the qualifying district's poverty index is greater than or equal to 1.75: Per teacher funding = 0.045 x formula amount If the qualifying district's poverty index is at least 1.0 but less than 1.75: Per teacher funding = (poverty index – 1.0)/0.75 x (0.045 x formula amount)
Total Funding = Per teacher funding x Number of teachers
(Number of teachers = formula ADM/17)

In general, districts qualifying for this funding receive up to $14.73 per student in FY 2008 and up to $15.17 per student in FY 2009. In addition to this funding provided to districts with poverty indices greater than 1.0, all districts receive an additional 4.5% of the formula amount per teacher through the professional development base funding supplement ($11.05 per student in FY 2008 and $11.38 per student in FY 2009), as well as 8.0% of the formula amount for 20% of teachers assuming a student to teacher ratio of 17:1 and for each principal assuming a student to principal ratio of 340:1 through the professional development for data-based decision making base funding supplement ($6.55 per student in FY 2008 and $6.74 per student in FY 2009). The total funding for professional development is summarized in Tables 14 and 15.

Table 14: Professional Development Funding Per Pupil in FY 2008, Based on Poverty Indices				
Poverty Index Ranges	Base Funding Supplement – Professional Development	Base Funding Supplement – Professional Development for Data-Based Decision Making	Poverty-Based Assistance	Total
0 to 1.0	$11.05	$6.55	---	$17.60
1.0 to 1.75	$11.05	$6.55	$ 0.00 to $14.73	$17.60 to $32.33
Above 1.75	$11.05	$6.55	$14.73	$32.33

Table 15: Professional Development Funding Per Pupil in FY 2009, Based on Poverty Indices				
Poverty Index Ranges	Base Funding Supplement – Professional Development	Base Funding Supplement – Professional Development for Data-Based Decision Making	Poverty-Based Assistance	Total
0 to 1.0	$11.38	$6.74	---	$18.12
1.0 to 1.75	$11.38	$6.74	$ 0.00 to $15.17	$18.12 to $33.29
Above 1.75	$11.38	$6.74	$15.17	$33.29

For the hypothetical District A, this funding for FY 2008 is calculated below.

District A's Teacher Professional Development Funding for FY 2008
If the qualifying district's poverty index is at least 1.0 but less than 1.75: Per teacher funding = (poverty index – 1.0)/0.75 x (0.045 x formula amount)
District A's per teacher funding = (1.5 – 1.0)/0.75 x (0.045 x $5,565) = $167
Total Funding = Per teacher funding x Number of teachers
District A's total funding = $162 x (931/17) = $9,146

Dropout Prevention

This subsidy provides dropout prevention funding for the big eight school districts, which are Akron, Canton, Cincinnati, Columbus, Cleveland, Dayton, Toledo, and Youngstown. This subsidy provides these districts with 0.5% of the formula amount times the district's poverty index per student. The calculation is given below. Dropout prevention funding totaled about $16.1 million in FY 2007 and $22.6 million in FY 2008 for these big eight districts.

Dropout Prevention Funding =
0.005 x formula amount x poverty index x formula ADM

Assuming that the hypothetical District A is a big eight school district, District A's dropout prevention funding is calculated below.

District A's Dropout Prevention Funding for FY 2008 =
0.005 x formula amount x poverty index x formula ADM =
0.005 x $5,565 x 1.5 x 931 = $38,858

Through this subsidy, the big eight districts receive a per pupil amount equal to about $27.82 multiplied by their poverty indices in FY 2008 and about $28.66 multiplied by their poverty indices per student in FY 2009. Poverty indices for these districts range from about 2.5 to 4.4. Therefore, per pupil funding levels range from about $70 to $122 in FY 2008 and from about $72 to $126 in FY 2009.

Community Outreach

This subsidy provides community outreach funding for 21 major urban districts (Urban 21). The Urban 21 districts are: Akron, Canton, Cincinnati, Cleveland Heights-University Heights, Cleveland, Columbus, Dayton, East Cleveland, Elyria, Euclid, Hamilton, Lima, Lorain, Mansfield, Middletown, Parma, South-Western, Springfield, Toledo, Warren, and Youngstown. This subsidy provides these districts with 0.5% of the formula amount times the district's poverty index per student. The calculation is given below. Community outreach funding totaled about $19.1 million in FY 2007 and $27.0 million in FY 2008 for these 21 major urban districts.

Community Outreach Funding =
0.005 x formula amount x poverty index x formula ADM

The Urban 21 districts receive about $27.82 times their poverty indices per student in FY 2008 and about $28.66 times their poverty indices per student in FY 2009. Poverty indices for these districts range from about 0.4 to 4.4. Therefore, per pupil funding levels range from about $11 to $122 in FY 2008 and from about $11 to $126 in FY 2009.

Closing the Achievement Gap

Am. Sub. H.B. 119 of the 127th General Assembly establishes this new subsidy beginning in FY 2008 to provide additional funding to help districts close achievement gaps. The funding is based on each district's "academic distress index." This index is calculated by dividing the percentage of buildings in the district that are in academic watch (AW) or

Since the hypothetical District A is assumed to be one of the big eight districts, it is therefore an urban 21 district, District A's community outreach funding is calculated below.

District A's Community Outreach Funding for FY 2008 =
0.005 x formula amount x poverty index x formula ADM =
.005 x $5,565 x 1.5 x 931 = $38,858

academic emergency (AE), termed the district's "academic distress percentage," by the percentage of buildings in the state that are in academic watch or academic emergency. Districts qualify for funding in FY 2008 if their academic distress indices and their poverty indices are greater than or equal to one. These districts receive, on a per student basis, 0.15% of the formula amount multiplied by their poverty indices and academic distress indices. In FY 2009, each district that received the subsidy in FY 2008 receives the same amount in FY 2009 unless there is an improvement in the district's academic distress percentage. If this percentage decreases, the district receives an extra 3.5% of the funding it received in FY 2008. Districts that did not receive the subsidy in FY 2008, but that have academic distress indices and poverty indices greater than or equal to one in FY 2009 receive, on a per student basis, 0.15% of the formula amount multiplied by their poverty indices and academic distress indices in FY 2009. This calculation is summarized below.

Closing the Achievement Gap Funding
In FY 2008: Total Funding for qualifying districts = 0.0015 x formula amount x poverty index x academic distress index x formula ADM
In FY 2009: Scenario 1: Total Funding for qualifying districts that did not qualify in FY 2008 = 0.0015 x formula amount x poverty index x academic distress index x formula ADM Scenario 2: Total Funding for districts that qualified in FY 2008 and have an academic distress percentage lower than FY 2008 = FY 2008 subsidy amount x 1.035 Scenario 3: Total Funding for districts that qualified in FY 2008 and have an academic distress percentage equal to or greater than FY 2008 = FY 2008 subsidy amount

(Qualifying districts have academic distress indices and poverty indices at least equal to 1.0)
(Academic distress index = (% of district's buildings in AE or AW) / (% of state's buildings in AE or AW))

In FY 2008, closing the achievement gap funding totaled $30.0 million for 29 qualifying districts.

Assuming that the hypothetical District A has an academic distress percentage equal to 15.3% and the academic distress percentage for the state as a whole remains at 11.7%, District A's academic distress index equals 1.3 (15.3%/11.7%) in FY 2008 and District A's funding for closing the achievement gap is calculated as follows:

District A's Closing the Achievement Gap Funding for FY 2008 =
In FY 2008: Total Funding for qualifying districts = 0.0015 x formula amount x poverty index x academic distress index x formula ADM
= 0.0015 x $5,565 x 1.5 x 1.3 x 931 = $15,154

Poverty-Based Assistance Summary

The state provided approximately $408.7 million in poverty-based assistance to 407 school districts in FY 2007 and $454.4 million to 404 school districts in FY 2008. Table 16 presents the poverty-based assistance per pupil and the poverty index for the ten districts with the highest concentrations of poverty in the state for FY 2008. These ten districts receive about $254.6 million in poverty-based assistance in FY 2008, about 56.0% of the statewide total. As can be seen from this table, the large urban districts generally have the highest poverty indices although some small rural districts such as New Boston Local in Scioto County can also have high concentrations of poverty.

Table 16: Poverty-Based Assistance Per Pupil for Ten Districts with Highest Poverty Concentrations, FY 2008

District	County	FY 2008 ADM	FY 2008 Poverty Index	FY 2008 Poverty-Based Assistance Per Pupil
Youngstown City	Mahoning	10,534	4.35	$1,208
New Boston Local	Scioto	305	3.59	$792
Toledo City	Lucas	33,065	3.48	$1,121
Steubenville City	Jefferson	1,885	3.38	$773
Dayton City	Montgomery	21,536	3.37	$1,117
East Cleveland City	Cuyahoga	3,518	3.24	$1,055
Cincinnati City	Hamilton	39,697	3.21	$1,088
Campbell City	Mahoning	1,388	3.14	$682
Cleveland Municipal	Cuyahoga	60,273	3.02	$1,100
Columbus City	Franklin	60,780	2.87	$1,068

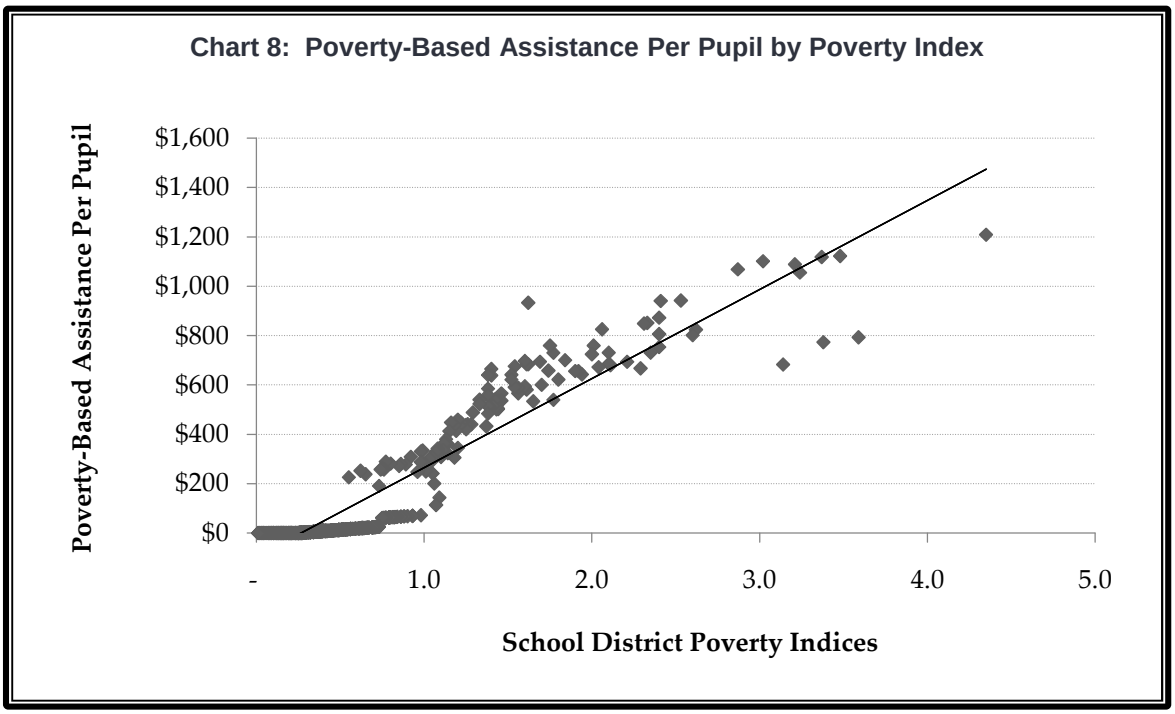


Chart 8 shows poverty-based assistance per pupil in FY 2008 by each district's poverty index. The straight upward trend line shows that poverty-based assistance per pupil generally increases as districts' poverty indices increase.

Gifted Education Cost: State Model Amount and Distribution of State Funds

The state provides funding for the additional costs associated with gifted education through unit funding, which is essentially a personnel-based funding. Gifted unit funding is fully funded by the state. The state currently provides funding for up to 1,110 gifted units approved by ODE. The state model multiplies each approved gifted unit by a classroom allowance equal to $2,678, a supplemental unit allowance equal to $5,241, a salary allowance that is based on the state minimum teacher salary schedule prescribed by law as it existed prior to FY 2002, and a fringe benefit allowance that is 15% of the salary allowance. This calculation is shown below.

Gifted Education Unit Cost =
Approved Number of Units x Salary Allowance + 15% Fringe Benefits +
(Classroom Allowance ($2,678) +) Supplemental Unit Allowance ($5,241)

Only about half of the supplemental unit allowance of gifted unit funding is equalized based on the district's state share percentage. This equalization is shown below. For the state as

Applying the gifted calculations to the hypothetical District A results in the following state funding for the supplemental unit allowance.

District A's State funding for the supplemental unit allowance for FY 2008 =
$5,251 x 50% + $5,550 x (District's state share percentage) =
$5,251 x 50% + $5,550 x 57.9% = $5,839

Assume the hypothetical District A has 1.0 approved gifted unit and the district's gifted education teacher has a master's degree and five years of experience. The salary allowance for this teacher would be about $22,700. District A's state funding for its one gifted education unit would be calculated as follows.

District A's Gifted Education Unit Cost State Funding for FY 2008 =
Approved Number of Units x (Salary Allowance + 15% Fringe Benefits + Classroom Allowance + State Funding for the Supplemental Unit Allowance)
1 unit x ($22,700 + ($22,700 x 15%) + $2,678 + $5,839) = $34,622

a whole this comes out to about $5,241 per unit. Gifted education unit funding totaled about $33.6 million statewide in FY 2007 and $33.1 million in FY 2008.

State funding for the supplemental unit allowance =
$5,251 x 50% + $5,550 x (District's state share percentage)

Further Adjustments and Guarantees

Ohio's school districts are very diverse. This diversity is recognized by the state school funding formula through the various categorical costs discussed above. The formula includes several other adjustments and guarantees that are designed to further increase the sensitivity of the formula to district diversity and to avoid any sudden decreases in state aid to individual school districts due to changes in state policy as well as changes in a district's property wealth or enrollment. Am. Sub. H.B. 119 of the 127th General Assembly simplified these guarantees by eliminating the base cost funding guarantee, the poverty-based assistance guarantee, and the reappraisal guarantee beginning in FY 2008. These and the remaining adjustments and guarantees are discussed in this section. The remaining guarantees and adjustments are the exempt property adjustment, the excess cost supplement, the teacher experience and training adjustment, the charge-off supplement, and transitional aid.

> The formula's guarantee structure was simplified beginning in FY 2008.

It should be noted that these adjustments and guarantees are generally not part of the model that determines the cost of the state-defined basic education. Instead, they are added into the distribution process that determines the state and local shares of the state-defined basic education model cost. The effect of adding these adjustments and guarantees is to lower the local share and, therefore, increase the state share of the model cost. School districts receiving guarantee or transitional aid payments two years in a row may not see increases in their state aid; however, in both years they receive more than the amounts determined by the formula alone.

> Districts receiving guarantee or transitional aid payments receive more aid than the amounts determined by the formula alone.

Exempt Property Adjustment

An adjustment is made to the recognized valuation of about 13 districts that have large amounts of state-owned property that is exempt from taxation. In FY 2008, this adjustment decreased these districts' valuations used to compute the local share of base cost funding by about $836.4 million, resulting in a decrease in their local shares and a corresponding increase in the total state share of base cost funding of approximately $19.2 million ($836.4 million x 0.023).

Base Cost Guarantee

Am. Sub. H.B. 66 of the 126th General Assembly changed the way the base cost was calculated including phasing down the CDBF adjustment. So that this policy change would not cause large unexpected decreases in individual school districts' base cost funding, the base cost guarantee was instituted. It guaranteed that each district's state base cost funding (including funding for base funding supplements) was not lower than its state aggregate or per pupil base cost funding in FY 2005, whichever was lower. In FY 2007, the base cost guarantee added about $257.3 million to the total state base cost funding of $4,198.2 million statewide. This guarantee is eliminated starting in FY 2008.

Excess Cost Supplement

As explained above, the local share of special and career-technical education and transportation is equalized based on each district's state share percentage of the base cost. If the need for these services is uniform, the required local millage rate for these services will also be uniform. The need for these services, however, varies greatly from one district to another. Therefore, the local share of these items could require different levels of local property tax levies. For example, in FY 2007 the local share of special and career-technical education and transportation ranged from less than 1.0 mill to about 6.0 mills with an average of 3.2 mills.

The excess cost supplement limits the local share of these three items to 3.3 mills of local property tax levies. If a school district's local share of model costs for these three items exceeds 3.3 mills, the state will pay the excess cost. If the district's local share is less than 3.3 mills, it will not be affected by this provision. By establishing the excess cost supplement, the formula effectively puts a cap of 26.3 mills on the required local contribution to the basic education model cost, 23 mills for base cost funding and a maximum of 3.3 mills for categorical cost funding. In FY 2008, the excess cost supplement totaled about $55.6 million statewide for 339 districts.

Teacher Experience and Training Adjustment

The teacher experience and training adjustment provides school districts additional funding if their teachers are above the state average teacher education and experience level. This adjustment is based on the typical teacher salary schedule that pays teachers based on their education and experience levels. In FY 2008, funding for the teacher experience and training adjustment totaled about $14.8 million for 386 districts.

Poverty-Based Assistance Guarantee

As with the base cost, Am. Sub. H.B. 66 of the 126th General Assembly made changes to poverty-based assistance beginning in FY 2006. So that this policy change would not cause large unexpected decreases in individual school district's poverty-based assistance, the poverty-based assistance guarantee was instituted. It guarantees that districts receive at least as much poverty-based assistance funding as the disadvantaged pupil impact aid (DPIA) they received in FY 2005 less any DPIA transferred to e-schools in that year. Starting in FY 2006, e-schools are not eligible to receive poverty-based assistance. In FY 2007, the poverty-based assistance guarantee added about $20.8 million to the total poverty-based assistance of $407.4 million statewide. This guarantee is eliminated starting in FY 2008.

Reappraisal Guarantee

As explained in the base cost section above under recognized valuation, school districts generally will experience significant increases in real property value in the years their real property value is reappraised or updated. Recognized valuation spreads this property value increase evenly over three years to prevent significant decreases in state funding in reappraisal and update years. The reappraisal guarantee further helps to mitigate the effects of the increase in property valuation experienced by districts during a reappraisal or update year. For a district undergoing a reappraisal or update, it guarantees the district receives at least the same amount of funding (but not including the charge-off supplement or transitional aid, which are discussed below) it received in the previous year. In FY 2007, funding for the reappraisal

guarantee totaled about $60.1 million statewide. This guarantee is eliminated starting in FY 2008.

Charge-off Supplement (Gap Aid)

As stated previously, the school funding formula caps the maximum required local contribution to the basic education model cost at 26.3 mills. State law generally requires that school districts levy at least 20 mills to receive state funding. If a district levies the minimum amount, however, it will not be receiving sufficient funding to cover all of the state-defined basic education costs. The charge-off supplement, which is more commonly known as gap aid, makes up with state revenues any difference in the local contribution assumed by the formula and the district's actual local operating revenue. It is calculated according to the formula shown below. The charge-off supplement totaled about $73.5 million statewide for 145 districts in FY 2007 and $85.2 million for 158 districts in FY 2008.

Gap Aid =
Local share of the base cost (23 mill charge-off) +
Local share of the special education weighted cost +
Local share of the career-technical education weighted cost +
Local share of the transportation model cost –
Excess cost supplement –
Total local operating revenues (including property taxes and school district income taxes)

Transitional Aid

Am. Sub. H.B. 66 of the 126th General Assembly made a number of changes to the funding formula beginning in FY 2006, some of which had the effect of lowering funding for certain school districts. So that this policy change would not cause large unexpected decreases in individual school district's total school formula funding, transitional aid was instituted for FY 2006 and FY 2007. Transitional aid prevents a district's total school formula funding from falling below its total formula funding in the previous year. In FY 2007, transitional aid totaled about $112.8 million statewide. Am. Sub. H.B. 119 of the 127th General Assembly continues to pay transitional aid in FY 2008 and FY 2009. In FY 2008, transitional aid totaled about $454.3 million for 390 districts.

State Funding for Enhancement Spending – Parity Aid

In the introduction it was shown that, although the state is mainly concerned with supporting the state-defined basic education model cost as described above, the state also provides funding, called parity aid, for enhancement spending. This funding totaled approximately 18.6% of school district enhancement spending in FY 2008.

> Districts do not have to raise additional millage to qualify for parity aid.

The previous discussion on state funding for the state-defined basic education model cost showed how the state equalizes 23 mills of local property tax revenues through base cost funding and up to 3.3 additional mills through categorical funding. Parity aid equalizes additional mills above the equalization level (up to 26.3 mills) of the state-defined basic education model cost up to the wealth level of the district at the 80th percentile on a measure of district property and income wealth. What this means is that the formula looks at, on a per pupil basis, what each district that qualifies for parity aid can raise with a certain number of mills and what the district at the 80th percentile ranking can raise, then the state makes up the difference. If a qualifying district actually raises part or all of these additional mills, parity aid will ensure that, on a per pupil basis, the amount of revenue generated by each mill is the same for this district as that for the district at the 80th percentile. If a qualifying district does not actually raise any of these additional mills, the district will still be eligible for parity aid, which is based on the wealth level of the district and does not depend on any additional mills levied by the district. In FY 2007, all districts below the 80th percentile qualified for parity aid and received payments that equalized an additional 7.5 mills. In FY 2008, the 410 lowest wealth districts qualify and receive payments that equalize an additional 8.0 mills. Finally, in FY 2009, the 367 lowest wealth districts qualify and receive payments that equalize an additional 8.5 mills.

The wealth measure used is a weighted average of property wealth (2/3) and income wealth (1/3). Property wealth is measured by per pupil property valuation and income wealth is measured by the federal adjusted gross income per pupil. These weights reflect the fact that the main local revenue source for districts is property taxes, but that districts with low income wealth may find it more difficult to obtain voter approval for levies above the basic level. The combination of property wealth and income wealth also provides a better local tax base measure than property wealth or income wealth alone.

Am. Sub. H.B. 94 of the 124th General Assembly, which instituted parity aid, also eliminated an income factor adjustment that used to be part of the base cost funding formula. A district's income factor is calculated by dividing the district's median income by the statewide median income. The purpose of this income factor adjustment was to provide state funding for education enhancement services; this funding is now provided through parity aid. A few districts benefited more from the income factor adjustment than from parity aid. H.B. 94, therefore, established an alternative parity aid calculation to continue the income factor adjustment benefit at the FY 2001 level for certain school districts. Specifically, school districts with a cost-of-doing-business factor greater than 1.0375 in FY 2005, an income factor below 1.0, and a poverty index greater than 1.0 are eligible for alternative parity aid. Note that it is possible for a district to qualify for alternative parity aid even if they do not qualify for standard parity aid. As the number of districts that qualify for regular parity aid decreases in FY 2008

> Districts may receive alternative parity aid even if they do not qualify for standard parity aid.

and FY 2009 under the policy instituted in H.B. 119, the number of districts qualifying for alternative parity aid may increase.

An individual school district's parity aid is calculated as follows:

Parity Aid
Standard Parity Aid Per Pupil for Qualifying Districts= (Threshold wealth per pupil – District's wealth per pupil) x Parity Millage
Alternative Parity Aid Per Pupil for Qualifying Districts = $60,000 x (1 – District's income factor) x 4/15 x 0.023
District's Parity Aid Per Pupil = Greater of Standard or Alternative Parity Aid Per Pupil
Total Parity Aid = District's Parity Aid Per Pupil x ADM

(Districts qualify for standard parity aid in FY 2008 if they are one of the 410 lowest wealth districts)
(Districts qualify for standard parity aid in FY 2009 if they are one of the 367 lowest wealth districts)
(Parity Millage = 8.0 mills in FY 2008 and 8.5 mills in FY 2009)
(Threshold wealth per pupil = The wealth per pupil of the district at the 80th percentile)
(Districts qualify for alternative parity aid if their CDBF was greater than 1.0375 in FY 2005, their income factor is below one, and their poverty index is greater than one)

Approximately $470.2 million in parity aid was distributed to 492 districts for FY 2007 and $478.5 million was distributed to 419 districts for FY 2008. Per pupil parity aid amounts ranged from more than $900 in eight districts to less than $100 in nine districts. The average in FY 2008 was $458 per pupil for those districts receiving parity aid.

In order to calculate parity aid in FY 2008 for the hypothetical District A, we need to know District A's income factor and income wealth per pupil, as well as the wealth per pupil in FY 2008 of the district at the 80th percentile. In FY 2008, the district at the 80th percentile has a wealth per pupil of about $170,400. District A's property wealth per pupil in FY 2008 was calculated above as $124,597. Assuming District A's income wealth per pupil is $109,000, its income factor is 0.8, and it also meets the requirements to qualify for alternative parity aid, District A's parity aid for FY 2008 can be calculated as follows:

District A's Parity Aid for FY 2008
District's Wealth Per Pupil = 2/3 x Per Pupil Property Wealth + 1/3 x Per Pupil Income Wealth
District A's Wealth Per Pupil = 2/3 x $124,597 + 1/3 x $109,000 = $119,398 (ranked 264)
Standard Parity Aid Per Pupil = (Threshold wealth per pupil – District's wealth per pupil) x 0.008
District A's Standard = ($170,400 – $119,398) x 0.008 = $408
Alternative Parity Aid Per Pupil = $60,000 x (1 – District's income factor) x 4/15 x 0.023
District A's Alternative = $60,000 x (1 – 0.8) x 4/15 x 0.023 = $221
District's Parity Aid Per Pupil = Greater of Standard or Alternative Parity Aid Per Pupil
District A's Parity Aid Per Pupil = $408
Total Parity Aid = District's Parity Aid Per Pupil x ADM
District A's Total Parity Aid = $408 x 931 = $379,863

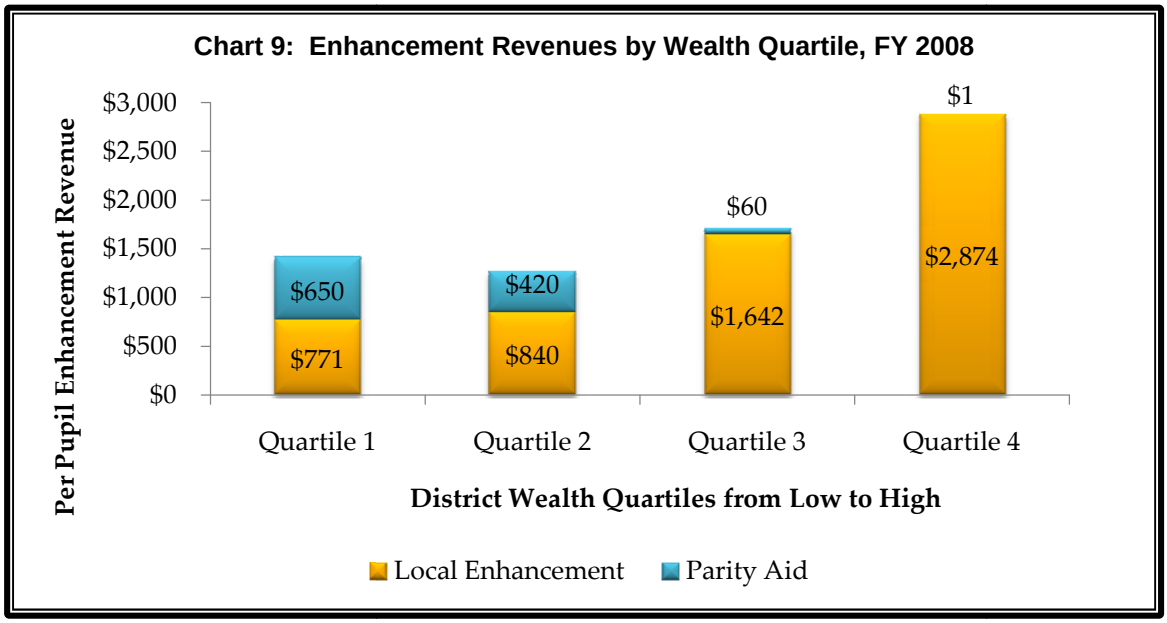


Chart 9 shows the effect of parity aid in equalizing local enhancement spending in FY 2008 by wealth-based quartile. These quartiles are the same as those used in Chart 4 showing state and local shares of the per pupil state-defined basic education cost in the introduction section. Each quartile includes approximately 25% of total students statewide. Quartile 1 districts have the lowest average valuation per pupil and quartile 4 districts have the highest average valuation per pupil. Chart 9 includes only those local property taxes and school district income taxes for operating expenses that are beyond the basic education spending level. It does not include federal funds as well as some other state and local funding for education enhancements (such as state grant programs and local permanent improvement levies).

As shown previously in Chart 4, there is little difference in total per pupil revenue for the state-defined basic education cost. The formula neutralizes the effect of local property wealth disparity on a district's ability to provide the state-defined basic education to all of its students by paying a higher share of the cost for lower wealth districts. Local enhancement revenues (the bottom portion of each bar in Chart 9), on the other hand, vary significantly by wealth quartile due to the uneven distribution of property and income wealth and the fact that there is no limit on the amount of taxes local residents can approve for their districts. The disparity or inequity in per pupil revenue across districts occurs only in enhancement revenue, which is above the state-defined basic education level. In FY 2008, per pupil local enhancement revenue averaged $771 for quartile 1, $840 for quartile 2, $1,642 for quartile 3, and $2,874 for quartile 4. In other words, quartile 4 districts raise on average almost four times more local enhancement revenue per pupil than quartile 1 districts. In FY 2008 parity aid per pupil averaged $650 for quartile 1, $420

> Differences in district revenues that are based on district wealth only take place at the enhancement level.

for quartile 2, $60 for quartile 3, and $1 for quartile 4. Adding parity aid to local enhancement revenue results in per pupil total enhancement revenue averages of $1,421 for quartile 1, $1,260 for quartile 2, $1,701 for quartile 3, and $2,875 for quartile 4. While the top 20% of districts (quartile 4) still had significantly more enhancement revenues, parity aid had substantially leveled the playing field for the bottom 80% of school districts (quartiles 1 to 3) and reduced the disparity between quartile 4 and quartile 1 districts by about 50%.

State School Funding Summary for FY 2007 and FY 2008

Table 17: State School Funding Amounts, FY 2007 and FY 2008

	FY 2007		FY 2008	
Funding Component	**Amount**	**Percentage**	**Amount**	**Percentage**
Base Cost Funding	$4,198.2 million	67.0%	$3,917.4 million	61.5%
Additional Special Education Funding	$432.7 million	6.9%	$461.4 million	7.2%
Additional Career-Technical Education Funding	$48.2 million	0.8%	$48.2 million	0.8%
Transportation Funding	$359.7 million	5.7%	$363.3 million	5.7%
Poverty-Based Assistance	$408.7 million	6.5%	$454.4 million	7.1%
Additional Gifted Education Funding	$33.6 million	0.5%	$33.1 million	0.5%
Teacher Training and Experience Adjustment	$13.9 million	0.2%	$14.8 million	0.2%
Excess Cost Supplement	$58.6 million	0.9%	$55.6 million	0.9%
Reappraisal Guarantee	$60.1 million	1.0%	--	--
Gap Aid	$73.5 million	1.2%	$85.2 million	1.3%
Transitional Aid	$112.8 million	1.8%	$454.3 million	7.1%
Parity Aid	$470.2 million	7.5%	$478.5 million	7.5%
Total State Funding	$6,268.7 million	100.0%	$6,366.2 million	100.0%

State Funding Transfers

As mentioned previously, the ADM for each district is based on a count of students who reside in the district. The district is legally required to provide an education for these students. After each school district's state aid is calculated as explained above, ODE performs a number of deductions and transfers to and from districts for various services provided to the students counted in the districts' ADMs. For example, school districts whose students receive services from a regional educational service center (ESC) have an amount deducted and transferred to the ESC to pay for these services. Some students choose to obtain all or a portion of their education elsewhere. For example, some students attend community schools and some students attend other districts through open enrollment. In general, for these students, the funding they generate in the

> Students are counted where they live and funding follows the students to where they are educated.

formula for the district in which they reside is deducted from the state aid credited to that district and added to the payment for the district or community school where the students are actually educated. In addition, state programs such as the Pilot Project Scholarship Program (Cleveland Voucher Program), the Special Education Scholarship Pilot Program, and the Educational Choice Scholarship Pilot Program provide for deductions of state aid from school districts to support the provision of vouchers to district residents to be used in alternative educational programs. Finally, the post-secondary options program allows students to attend post-secondary institutions for both high school and college credit. The tuition for these students is paid from a deduction from their resident school district. This section describes how funding for these programs typically works.

Educational Service Centers (ESC)

All local school districts are required to be associated with an ESC. ESCs are required to provide oversight functions to all local (member) districts within their region. They may also provide similar services to city and exempted village (client) districts that have entered into an agreement with them. In addition, ESCs may provide other services to member and client districts on a contractual basis. Services typically provided by ESCs include supervisory services, special education, gifted education, professional development, technology, and some administrative services. School districts associated with an ESC have a per pupil amount of at least $6.50 deducted from their state aid and transferred to the ESC. In addition, amounts for services and contracts negotiated between the school district and ESC are also deducted from the district's state aid and transferred to the ESC. In FY 2007 approximately $170.6 million, and in FY 2008 approximately $182.8 million, was deducted statewide from school district state aid and transferred to ESCs. Through a separate payment the state earmarked $52.0 million in each fiscal year to be distributed to ESCs based on the number of students served by each ESC. In FY 2008, this earmark was reduced to $47.0 million through an executive-ordered reduction.

Community Schools

Community schools are public schools that are exempt from certain state requirements. These schools are not part of any school district and do not have taxing authority. Community schools were first established in Ohio in FY 1999. They have grown from 15 schools educating 2,245 students (0.1% of public school enrollment) in FY 1999 to over 300 schools educating over 82,000 students (4.6% of public school enrollment) in FY 2008. Generally, community schools receive the following for each student enrolled in their schools. E-schools, however, do not receive parity aid or poverty-based assistance.

- The base cost formula amount plus the per pupil amount of each of the base funding supplements;
- If the student is a special or career-technical education student, the weight applicable to that student multiplied by the base cost formula amount;

- Any poverty-based assistance generated by the student; and
- The parity aid per pupil received by the student's resident district.

Assume that four kindergarten students, three fourth grade students, five middle school students, and twenty high school students, including one who is visually impaired, one with autism, and six with learning disabilities leave the hypothetical District A to attend a community school. District A's community school ADM would be 31, remembering that kindergarten students are counted as 0.5 in ADM. District A's community school additional special education weights would be 8.7 (6 x 0.3691 + 1 x 1.7695 + 1 x 4.7342). Also assume that none of these students is a student living in poverty, but that the kindergarten students receive all-day kindergarten services at the community school. District A's community school transfer can be calculated as follows:

District A's Community School Transfer for FY 2008
Base Cost = Community School ADM x (Formula Amount + Base Funding Supplements Per Pupil)
District A's Base Cost Transfer = 31 x ($5,565 + $49.42) = $174,047
Additional Special Education Weighted Funding = Community School Weighted ADM x Formula Amount
District A's Special Education Funding Transfer = 8.7 x $5,565 = $48,416
Poverty-Based Assistance All-Day Kindergarten Funding = Community School Kindergarten students x Formula Amount x 0.5
District A's All-Day Kindergarten Funding Transfer = 4 x $5,565 x 0.5 = $11,130
Poverty-Based Assistance Increased Learning Opportunities = Community School K-3rd ADM x District's Increased Learning Opportunities Funding/District's K-3rd ADM
District A's Class-Size Reduction Funding Transfer = 4 x $283,770/300 = $3,784
Parity Aid = Community School ADM x District's Parity Aid Per Pupil
District A's Parity Aid Transfer = 31 x $408 = $12,648
District A's Community School Transfer = $174,047 + $48,416 + $11,130 + $3,784 + $12,648 = $250,025

In addition, beginning in FY 2008, community schools may receive funding for transportation, if they choose to provide transportation to their students. Otherwise, a community school student's resident district is generally responsible for providing the student transportation to and from the community school.

The effect on school districts of the current method of funding community school students is not straightforward. Due to the marginal student effect, discussed in the base cost section, counting the community school student in the resident district's ADM increases state funding for the base cost by the formula amount plus the per pupil amount of each of the base funding supplements; this amount is then transferred to the community school. This funding method, therefore, has no real effect on the resident district's base cost funding.

Looking again at the hypothetical District A example, if these community school students had not been counted in the district's ADM, District A's ADM would have decreased by 31 to 900 (931 – 31). As a result, since the district's local share of base cost funding does not change when its ADM changes, District A's total base cost and state base cost funding would have been $174,047 lower. Likewise since poverty-based assistance and parity aid do not have local shares, if the community school students were not included in the poverty-based assistance and parity aid calculations, District A's poverty-based assistance could have been $14,914 lower and its parity aid could also have been $12,648 lower.

The marginal student effect, however, does not apply to state funding for additional special education and career-technical education weighted costs. Counting the student in the resident district's special education or career-technical education ADM increases state funding by only the state share of the weighted cost. However, both the state and local shares of the weighted cost are deducted from the district and transferred to the community school. In general, the resident school district loses state funding for special education and career-technical education weighted costs through this methodology; however, the analysis is complicated because another effect of counting community school students in the resident district's ADM is that the resident district's state share percentage is higher than it would otherwise be. This, in turn, increases the state funding the district receives for special education and career-technical education weighted costs as well as transportation modeled costs. The interaction between these two variables for each individual resident district determines whether the district receives more or less state funding from the current method of funding community schools versus funding community schools separately (without counting students in resident districts' ADMs). In the hypothetical District A example, if the 31 community school students were not counted in the district's ADM, District A's state share percentage would have fallen from 57.9% to 56.4%.

The overall effect of the current method of funding community schools is further complicated by various supplements and guarantees that exist in the formula. These supplements and guarantees affect different districts differently and may affect the same district differently from one year to another. As a result, compared with the method of funding community schools directly, the effect of the current method of funding community schools varies from one district to another and may vary from one year to another for the same district.

In FY 2008, 11.8% of the state aid transferred to community schools was for special education and career-technical education weights. Table 18 shows the breakdown of the state aid transfer to community schools for FY 2007 and FY 2008.

Table 18: Formula Transfer for Community Schools, FY 2007 and FY 2008				
Funding Component	**FY 2007 Amount**	**FY 2007 Percentage**	**FY 2008 Amount**	**FY 2008 Percentage**
Base Cost Funding	$407.7 million	76.9%	$445.0 million	76.0%
Poverty-Based Assistance	$39.0 million	7.4%	$44.4 million	7.6%
Special Education Weights	$56.4 million	10.6%	$65.0 million	11.1%
Career-Technical Education Weights	$6.3 million	1.2%	$6.5 million	1.12%
Transportation	--	--	$1.0 million	0.2%
Parity Aid	$20.6 million	3.9%	$23.4 million	4.0%
Total Transfer	$530.0 million	100.0%	$585.3 million	100.0%

Although the bulk of funding for community schools comes from state funding generated by students attending community schools, this is not to say that there is no fiscal effect on traditional public schools from the loss of students to community schools. State funding for school districts decreases when some of their students choose to attend community schools. School districts do not have to educate these students any longer, but their expenditures may not decrease as fast as their revenues decrease. State funds totaling about $5,898 (base cost plus parity aid) in FY 2008 follow this student to the community school. However, the loss of just this one student will likely not decrease a district's expenses by $5,898. It is not until a larger number of students have left that the district will be able to experience significant cost savings by, perhaps, having fewer classes.

Open Enrollment

Each school district in Ohio can choose to accept students from other districts under an open enrollment policy. If a student chooses to attend a district other than the one in which the student resides under open enrollment, the base cost per pupil for the resident district and any career-technical education weighted costs applicable to the student are deducted from the resident district's state aid. If the student receives special education, the costs of this education above the base cost amount are billed from the educating district to the resident district.

Approximately 56.2% of school districts (including joint vocational school districts) allow statewide open enrollment, 17.7% of school districts allow adjacent district open enrollment only, and the remaining 27.1% of school districts do not accept open enrollment students. In FY 2008, approximately 2.7% of students attended schools other than their resident school under the open enrollment option.

Pilot Project Scholarship Program

The Pilot Project Scholarship Program allows students who are residents of the Cleveland Municipal School District to obtain scholarships to attend participating nonpublic schools. Scholarship students are not counted in Cleveland's ADM for funding purposes. A portion of Cleveland's poverty-based assistance has been earmarked in the state operating

budget to be used to help fund this program. These funds are deducted from Cleveland's state aid. The rest of the funding for the program comes from the state GRF without any deduction from Cleveland. In FY 2008, $11.9 million was deducted from Cleveland's state aid to fund this program for a total program spending of $20.9 million.

Autism Scholarship Program

The Autism Scholarship Program provides scholarships to autistic students whose parents choose to enroll the student in an approved special education program other than the one offered by the student's school district. The scholarships are the lesser of the total fees charged by the alternative provider or $20,000.

Scholarship students are counted in their resident district's ADMs for purposes of the state funding formula. The amount of the scholarship is then deducted from the resident district's state aid and paid to the alternate provider. In addition to the base cost per pupil, an autistic student generates additional special education weighted funding. The additional weight is 4.7342, which was phased in at 90% in FY 2008. In FY 2008, therefore, an autistic student generated in the funding formula $5,614 in base cost funding and an additional $23,711 in special education weighted funding.

Since the state funds a portion of special education weighted costs based on each district's state share percentage of base cost funding, for some districts with relatively high wealth, the state aid generated by the student will be less than the scholarship amount and the district will need to reallocate local revenues to cover the difference between the scholarship and the amount of state aid generated by the student. For other districts with relatively low wealth, the amount of state aid generated by the student (including both base cost and weighted funding) will be equal to or greater than the amount of the scholarship. In FY 2008, the maximum scholarship amount of $20,000 required the reallocation of local funds for districts with state share percentages of approximately 61% or lower. Districts with state share percentages higher than 61% were able to cover the cost of the average scholarship with state aid. Of course, in either case, the district does not incur the cost of serving the scholarship student.

In FY 2008, $12.1 million was transferred for the scholarships for students in 243 different districts.

Educational Choice Scholarship Pilot Program

The Educational Choice Scholarship Pilot Program was established by Am. Sub. H.B. 66 of the 126th General Assembly to award up to 14,000 scholarships each year beginning in FY 2007, which can be used to attend participating nonpublic schools. These scholarships are generally available to students who attend or who would otherwise be entitled to attend a school that has been in academic emergency or academic watch for two of the last three years. The amount awarded under the program is the lesser of the actual tuition charges of the school

or the maximum scholarship award. H.B. 66 set the maximum scholarship award at $4,250 for grades K-8 and at $5,000 for grades 9-12 in FY 2007. In subsequent years, these amounts are to increase by the same percentage as the increase in the base cost formula amount for school districts. Scholarship students are counted in the resident district's ADM in order to calculate base cost funding, so that the districts generally are credited with $5,565 per student in grades 1-12 and $2,782 per student in kindergarten in FY 2008. Scholarship students are not counted in the ADM used to calculate poverty-based assistance or parity aid. An amount equal to $5,200 is deducted from the resident districts' state aid for each scholarship student in grades 1-12 and $2,700 for each student in kindergarten. Therefore, a district generally will receive more state aid than is deducted for each scholarship student. In FY 2008, a total of $31.4 million was deducted statewide for about 6,659 full-time equivalent scholarship students.

Post-Secondary Enrollment Options Program

The post-secondary enrollment options program allows both public and nonpublic high school students to attend classes at post-secondary education institutions and earn both high school and college credits without cost to the students. Public high school students are counted in their resident districts' ADM and the amounts of the tuitions for the classes the students attend are deducted from the resident districts' state aid to pay for the program. In FY 2007, $18.7 million was deducted statewide from state aid for school districts (including joint vocational school districts) for 11,196 students taking college classes under the post-secondary enrollment options program. In FY 2008, $19.6 million was deducted statewide for 11,890 students. For nonpublic high school students, the costs of taking college classes under the post-secondary enrollment options program are paid by an earmark of GRF appropriation item 200-511, Auxiliary Services. In FY 2007, $1.5 million was set aside for 999 participating nonpublic high school students. In FY 2008, $2.0 million was set aside for 1,110 participating nonpublic high school students.

Joint Vocational School Districts

Currently, there are 49 joint vocational school districts (JVSDs) serving approximately 38,000 students. They have a total of 495 associate school districts that may send students to their schools. As with a regular school district, each JVSD has its own taxing authority. Levies need to be approved by taxpayers in all associate districts and the same JVSD millage rate applies to all associate districts within a JVSD. As with school districts, the ability of a JVSD to raise local revenues is dependent on its property valuation. JVSDs receive state operating funding through a parallel formula as that used to fund regular school districts. JVSD funding includes base cost funding, special education weighted cost funding, the special education speech supplement, career-technical education weighted cost funding, and GRADS teacher grants.

Base Cost

The base cost amount for a JVSD is calculated in the same way as for a regular school district except that JVSDs do not receive the base funding supplements. The total base cost for a JVSD is calculated as follows:

Total JVSD Base Cost =
(Base Cost Formula Amount x JVSD ADM)

The JVSD's local share of base cost funding is based on its recognized valuation, which is equal to the sum of the recognized valuations of all of the JVSD's associate districts. Total recognized valuation for JVSDs tends to be much higher than for a regular school district since the JVSD has a larger area to tax. The charge-off rate for a JVSD is 0.5 mills. The JVSD base cost funding formula is expressed as follows:

JVSD Base Cost Funding Formula
Total Base Cost = Local Share + State Share
Local Share = Total Recognized Valuation x 0.005
State Share = Total Base Cost – Local Share
State Share Percentage = State Share/Total Base Cost

In FY 2008, the state share percentage of the base cost for JVSDs ranges from 0% to 92.5% with a statewide average of approximately 63.4% and a median of 71.1%. State base cost funding for JVSDs was approximately $136.6 million in FY 2007 and $136.2 million in FY 2008.

Categorical Costs

The current JVSD funding model includes categorical costs for special education and career-technical education. The state model amount for these two categorical cost areas is determined for JVSDs in the same way it is determined for regular school districts. The same weights are used for special education and career-technical education students attending JVSDs. Each JVSD's state share percentage of the base cost is used to equalize its state funding for special and career-technical education weighted costs, the special education speech service supplement, and GRADS teacher grants.

These calculations are summarized below.

Additional State Funding for Special Education at JVSDs =
(JVSD Special Education Weighted Cost + JVSD Speech Supplement) x JVSD State Share Percentage
Additional State Funding for Career-Technical Education at JVSDs =
(JVSD Career-Technical Education Weighted Cost + JVSD GRADS) x JVSD State Share Percentage

Additional state funding for special education at JVSDs totaled approximately $18.1 million in FY 2007 and $18.8 million in FY 2008. Additional state funding for career-technical education at JVSDs totaled approximately $65.8 million in FY 2007 and $65.5 million in FY 2008.

Transitional Aid

JVSDs also receive transitional aid. As with regular school districts, this adjustment is added into the distribution process and lowers the local JVSD share and accordingly, increases the state share of the state-defined basic education model cost for JVSDs. In FY 2006 through FY 2009, JVSD transitional aid is the same as the transitional aid provided to regular school districts. It prevents a JVSD's total school formula funding from falling below its total formula funding in the previous year. JVSD transitional aid totaled about $15.3 million in FY 2007 and $21.9 million in FY 2008.

LOCAL OPERATING REVENUE

The primary local funding source for schools is locally voted property taxes, which account for approximately 97.2% of local operating revenue. The other 2.8% comes from school district income taxes. In TY 2006, school districts levied a total of $8.5 billion in operating tax revenue. An additional $1.1 billion was levied for permanent improvements and debt service. In TY 2006, joint vocational school districts levied $320.3 million in operating tax revenue and $18.3 million in tax revenue for permanent improvements and debt service. Locally voted property taxes, school district income taxes, H.B. 920 tax reduction factors, and other relevant issues related to local funding for schools are discussed in more detail in this section.

The Assessed or Taxable Property Value

Property taxes are calculated on the assessed or taxable property value, which is a percentage of fair market value. This percentage is called the assessment rate. Property value in Ohio is divided into four major categories:

(1) Class I real property (residential and agricultural);
(2) Class II real property (commercial, industrial, and mineral);
(3) Public utility tangible personal property; and
(4) General business tangible personal property.

These different categories of property have different assessment rates. Real property is generally assessed at 35% of true value, which is determined by the county auditor. This means that if the auditor appraises a home's true value as $100,000, for example, that home's taxable property value would be $35,000 ($100,000 x 0.35). Tangible personal property (TPP) is assessed at rates ranging from 23% to 100% of true value, which is self-reported by businesses based on certain approved methods. Am. Sub. H.B. 66 of the 126th General Assembly started to phase out the tax on general business TPP. This phase-out began in TY 2006 and will be completed by TY 2011. The effect of this phase-out is discussed in more detail later in this section.

Table 19 shows the statewide total taxable property value composition, or breakout among the four property categories, for TY 2006. It can be seen from the table that Class I real property makes up the bulk of total taxable property value, followed by Class II real property, general business tangible personal property, and then public utility tangible personal property. Since taxes are collected on a calendar year basis and state education aid is allocated on a fiscal year basis, the state funding formula generally uses the second prior year's assessed value data. TY 2006 assessed value data, therefore, is used in making FY 2008 state education aid payments.

> Almost 70% of state taxable property value is residential and agricultural real property.

Table 19: Taxable Property Value, TY 2006		
Property Category	**Amount**	**Percentage**
Class I real property	$179.6 billion	69.8%
Class II real property	$50.9 billion	19.8%
Public utility TPP	$9.7 billion	3.8%
General business TPP	$17.1 billion	6.6%
Total Taxable Property Value	**$257.3 billion**	**100.0%**

School District Taxable Property Value Composition

Table 19 gives the taxable property value composition in TY 2006 for the state. However, the composition for each individual district varies widely across the state. Table 20 shows the maximum, minimum, and median ranges for each category.

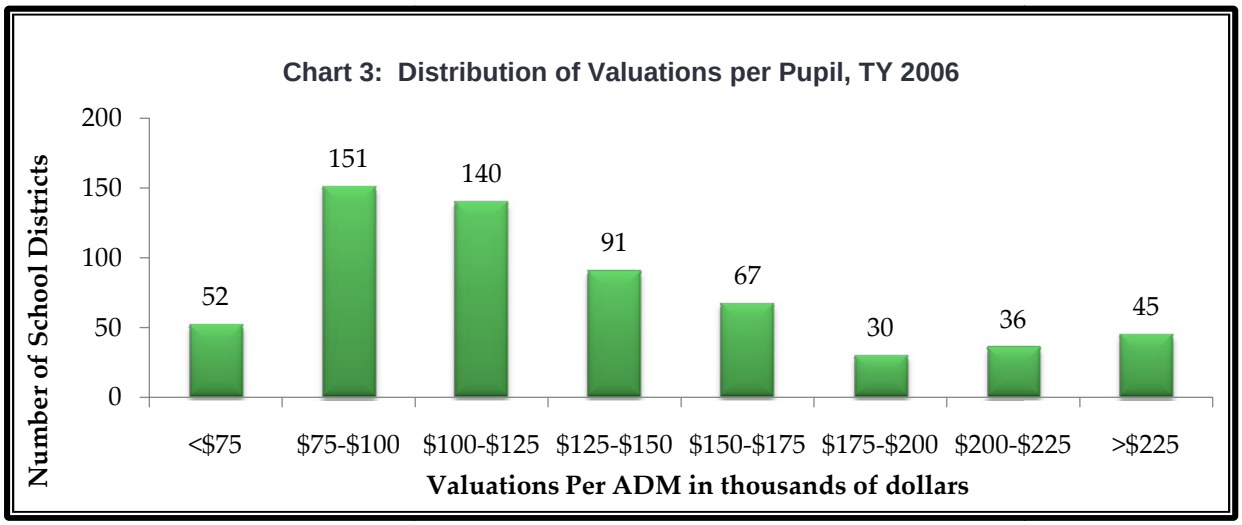
Table 20: The Taxable Property Value Composition, TY 2006			
Category	**Minimum**	**Maximum**	**Median**
Class I Real	17.3%	95.8%	75.4%
Class II Real	1.3%	54.7%	13.6%
Public Utility TPP	0.8%	58.5%	3.8%
General Business TPP	0.1%	39.1%	5.1%

A change in tax policy on a particular category of property would generally have an uneven impact on districts due to the variation in property composition across districts. For example, the phase-out of the general business TPP tax has a big impact on some school districts that had relatively high percentages of general business TPP value, but a small impact on districts that did not.

School District Valuation per Pupil

Valuation per pupil is the most important indicator of each district's ability to raise local revenues. Due to the uneven distribution of taxable property, valuation per pupil varies widely across school districts. Chart 3 from the introduction is reproduced below. It shows the distribution of valuations per total ADM in TY 2006. It can be seen that valuations per pupil range from less than $75,000 in 52 districts to more than $225,000 in 45 districts. The statewide weighted average is $143,957 per pupil while the statewide median district's valuation per pupil is $116,496. The weighted average represents a per pupil-based ranking, which takes into account the size of school districts. The median represents a district-based ranking, which is represented by the middle district (the 306th district out of 612). Valuations per total ADM for the majority (382 or 62.4%) of school districts range from $75,000 to $150,000 in TY 2006.

The variation in per pupil valuation obviously impacts each individual district's ability to raise local revenue. The same one-mill property tax levy generates $75 per pupil for a district



with a valuation per pupil of $75,000 and $225 per pupil for a district with a valuation per pupil of $225,000. As explained in the previous sections on state formula funding, however, state base cost funding equalizes the revenues received from the first 23 mills of property tax levies up to the 96th percentile of valuation per pupil ($244,105 in FY 2008). As a result of this equalized state aid, the variation in per pupil valuation has no impact on the amount of total state plus local revenues generated from the first 23 mills of property tax levies for school districts with wealth levels that are below the formula's equalization level (see Chart 7 in the base cost section). In FY 2008, approximately 27 districts have wealth levels that are above the formula's equalization level.

> For the same tax effort, a high wealth school district raises more local revenue.

Growth in Taxable Property Values

The statewide average property value growth rate was 3.8% per year from TY 2001 to TY 2006; however, the growth rate for each year was not even (see Table 21). While the true value of TPP and newly constructed real property is determined annually, the true value of existing real property is reappraised every six years and updated every three years. The property value annual growth rate is affected by real property's reappraisal and update cycles. For the purposes of real property value reappraisals and updates, the 88 counties in Ohio are split into three groups. Real property values in these three groups are not even, however, so that growth rates in value depend somewhat on which group goes through a reappraisal or update in that year. The relatively low growth rates in TY 2001 and TY 2004 are in part due to a smaller proportion of statewide real property going through reappraisal and update in those years. The relatively low growth rate in TY 2003 is largely explained by a decrease of about $2.1 billion in general business tangible

> Growth in taxable value varies from year to year.

personal property due to the economic slowdown. In fact, real property grew in value by 5.3% from TY 2002 to TY 2003 and tangible personal property fell in value by 6.3% over the same year. Finally, the low growth in TY 2006 is a result of the start of the phase-out of general business TPP taxes. General business TPP taxable value fell by 21.7% in TY 2006 while real property taxable value increased by 5.4%.

Table 21: Annual Growth Rate of Total Taxable Property Value

Tax Year	2001	2002	2003	2004	2005	2006
Annual growth rate	1.4%	5.9%	3.5%	2.5%	6.7%	2.8%

Local Property Tax Levy Rates and H.B. 920 Tax Reduction Factors

School districts have the option to use five different types of levies: inside millage, current expense levies, emergency levies, permanent improvement levies, and bond levies. Inside mills can be used for any purposes designated by local school boards of education. The vast majority of school districts use inside mills for current or operating expenses although, in recent years, a small number of school districts have started using inside mills for permanent improvements. Current expense and emergency levies are used for operating expenses. The revenue from permanent improvement levies and bond levies is used for permanent improvements and debt service. Current expense and permanent improvement levies are fixed-rate levies; voters vote for a certain millage rate that is applied to the taxable property value to calculate the tax each year (subject to tax reduction factors, which are discussed below). Emergency and bond levies are fixed-sum levies; voters vote for a certain amount of tax revenue to be collected each year regardless of taxable property value.

Inside Mills and Voted (Outside) Mills

The Ohio Constitution prohibits governmental units from levying property taxes that in the aggregate exceed 1% of the true value of the property in their district unless the voters approve them. This is known as the ten-mill limitation and these unvoted ten mills are called inside mills. The ten inside mills are shared by three levels of government: counties, school districts, and cities or townships. Inside mills for school districts range from less than three mills in a few districts to more than six mills in a few other districts. On average school districts have approximately 4.6 inside mills. All levies other than inside mills need to be approved by the voters and are referred to as voted or outside mills. While voted current expense mills are subject to H.B. 920 tax reduction factors, inside mills are not (see below).

> Inside mills are not subject to voter approval or to H.B. 920 tax reduction factors.

H.B. 920 Tax Reduction Factors

H.B. 920 is a tax policy that was enacted in 1976. It limits revenue growth from property taxes on existing real property (real property that has previously been taxed). The effect of this policy, in general, is to require taxing jurisdictions, including school districts and JVSDs, to periodically ask the voters for approval of new levies if they want to collect revenue beyond the H.B. 920 limitations. In general, H.B. 920 tax reduction factors prevent taxing jurisdictions from realizing additional real property tax revenues on existing current expense levies and permanent improvement levies when existing real property values increase due to a reappraisal or update. Without the H.B. 920 limitations, a 10% increase in a district's real property would result in a 10% increase in real property tax revenue for the district even without new levies. With the H.B. 920 limitations, however, a 10% increase in real property generally leads to a much smaller increase (2%, for example, as explained below) in real property tax revenue for the district unless voters approve new levies.

> When the value of existing real property increases, H.B. 920 reduces the effective tax rate so tax revenue on that property remains the same.

H.B. 920 tax reduction factors were put into the Ohio Constitution in 1980 through a constitutional amendment that also created the two separate classes of real property. Separate tax reduction factors are applied to each class of real property. However, not all property value and not all tax levies are subject to H.B. 920 tax reduction factors. New construction (real property that did not exist in the prior year) and tangible property are not affected by the tax reduction factors; taxes on these two types of property will grow at the same rate as property values grow. Since emergency levies and bond levies are fixed-sum levies, (they are designed to raise the same amount of tax revenue every year) there is no reason to apply tax reduction factors to them. As indicated earlier, inside mills are not affected by the tax reduction factors either. So, H.B. 920 tax reduction factors apply only to current expense and permanent improvement levies on existing real property. After these tax reduction factors are applied, the millage rate actually charged on each class of real property falls below the voted millage rate. This lower millage rate is commonly called the effective millage rate. It can be calculated by dividing the actual taxes charged by the taxable property value for each class of real property.

> Even with H.B. 920 reduction factors revenues may increase from inside mills, new construction, and TPP value increases.

It should be noted that a property tax reduction mechanism, called the millage reduction system, existed in Ohio prior to H.B. 920. Under that system, the tax rate on all taxable property (including both real and tangible) was rolled back in proportion to the increase in real property values. For example, if real property values increased 10% after a reappraisal, the millage rate for *all* property was reduced by 10%. The millage reduction system led to a shift of the tax burden from tangible to real property. This shift in tax burden led to the enactment of H.B. 920. A similar tax

> Ohio's history of limiting growth in property taxes goes back before H.B. 920.

burden shift led to the creation of two classes of real property in 1980. While the tax reduction concept of H.B. 920 was not new, H.B. 920 has made it more apparent since there now exist three tax rates: one for Class I real property, one for Class II real property, and one for tangible property, with the rate for tangible property generally being higher than that for Class I or Class II real property.

H.B. 920 20-Mill Floor

Although H.B. 920 limits the tax revenue growth on existing real property, it does not allow a school district's combined real property millage (from current expense levies and inside mills for operating expenses) to fall below 20 effective mills. This provision of H.B. 920 is referred to as the 20-mill floor. Under H.B. 920, if a school district's combined real property millage falls to 20 effective mills, tax reduction factors no longer apply. Real property taxes based on these 20 mills will grow at the same rate as real property values grow. School district income tax levies are not included in the 20-mill floor determination and neither are emergency levies, although these levies are generally used for operating expenses. The 20-mill floor determination includes only inside mills used for operating expenses and current expense levies.

> Once the 20 mill floor is reached, H.B. 920 reduction factors no longer apply.

A total of 324 districts (52.9%) were at the H.B. 920 20-mill floor[3] in at least one class of real property in TY 2006. These 324 floor districts tend to be smaller than average and represent approximately 37.2% of statewide total ADM. The number of floor districts has increased over the last several years. In TY 1996 there were 218; this number has increased by 48.6% over the 10 years until TY 2006. Of the 324 floor districts in TY 2006, 134 districts were at the floor in both Class I and Class II real property, 176 districts were in Class I only, and the other 14 districts were in Class II only.

Table 22 shows the number and percentage of school districts at the H.B. 920 floor by district type. These types were developed by ODE based on districts' demographic characteristics. It can be seen from the table that the H.B. 920 floor district percentages for rural districts (types 1, 2, and 3) tend to be higher than the others, at 74.2%, 60.9%, and 71.6%, respectively. In fact, 228 (70.4%) of the floor districts in TY 2006 are rural districts.

[3] For purposes of this analysis, a floor district is defined as a district that has no more than 20.01 mills in levies that are included in the H.B. 920 20-mill floor calculation.

Table 22: The Number and Percentage of H.B. 920 Floor Districts by District Type, TY 2006				
District Type	**Description**	**Total Districts**	**Floor Districts**	**% Districts on Floor**
Type 0	Outliers - island districts	3	3	100.0%
Type 1	Rural/agricultural - high poverty, low median income	97	72	74.2%
Type 2	Rural/agricultural - small student population, low poverty, low to moderate median income	161	98	60.9%
Type 3	Rural/small town - moderate to high median income	81	58	71.6%
Type 4	Urban - low median income, high poverty	102	48	47.1%
Type 5	Major Urban - very high poverty	15	1	6.7%
Type 6	Urban/Suburban - high median income	107	37	34.6%
Type 7	Urban/Suburban - very high median income, very low poverty	46	7	15.2%
	Total	**612**	**324**	**52.9%**

Since tax reduction factors do not apply to a district at the 20-mill floor, once a district reaches the floor it begins to receive greater increases in revenue when real property values increase due to reappraisals and updates without having to ask voters to approve additional levies. Most districts, however, do not choose to limit local operating revenue to 20 mills; districts on the floor tend to supplement their current expense millage and inside millage with emergency levies and school district income tax levies, which are not included in the floor calculation. In fact, of the 324 floor districts in TY 2006, 236 districts (72.8%) had either emergency levies or school district income taxes. Table 23 shows that the majority of districts that levy these two types of taxes are floor districts: 66.5% of districts with emergency levies and 66.3% of districts with school district income taxes. Floor districts, however, still tend to have lower operating tax rates even when taking all taxes into account. The average effective Class I tax rate (including both Class I property taxes and school district income taxes) for the 324 floor districts was 27.28 mills in TY 2006, compared to an average of 30.94 mills for nonfloor districts and an average of 29.64 mills for all districts.

Table 23: H.B. 920 Floor District Supplemental Levies, TY 2006			
	Total Districts	**Floor Districts**	**% Districts on Floor**
Emergency Levies	230	153	66.5%
School District Income Tax (FY 2007)	172	114	66.3%

Summary of Local Tax Levies and H.B. 920

Table 24 summarizes the above discussion on which levies and which properties are subject to H.B. 920 reduction factors as well as which levies are included in the 20-mill floor determination. In the boxes on the following two pages a detailed example is presented using the hypothetical District A introduced in the state funding section.

Table 24: Summary of Local Tax Levies and H.B. 920 Tax Reduction Factors

Type of Levy	Purpose of Levy	Subject to H.B. 920 Tax Reduction Factors?	Included in H.B. 920 20-Mill Floor Determination?
Inside Mills	Designated by school boards – generally operating	No	Yes – if designated as operating
Current Expenses	Operating	Yes	Yes
Emergency	Operating	No	No
Income Tax	Operating	No	No
Permanent Improvement	Permanent improvements or items with at least 5 years of useful life	Yes	No
Bond	Debt service	No	No
Type of Property			
Existing Real Property	--	Yes	--
New Construction – Real Property	--	No	--
Tangible Personal Property	--	No	--

Table 25 continues the example of the hypothetical District A started in the state operating revenue section. The first column of the table shows District A's property value and local operating revenue for TY 2005. In TY 2005, District A's total property value is $112.5 million, which is split among the four categories as shown in the table. In TY 2005, District A has 3 inside mills devoted to current expenses and 30 current expense voted mills. For purposes of simplicity, it is assumed that District A does not have any emergency levies and that no new levies were passed in TY 2006.

District A goes through a real property reappraisal in TY 2006 and experiences an inflationary increase in real property value due to the reappraisal of $6.0 million. The second column of Table 25 shows that $4.0 million of this increase is in Class I real property and $2.0 million is in Class II real property. In addition, there is new construction in TY 2006 of $700,000 in Class I and $200,000 in Class II real property. The taxable value of public utility TPP increases by $600,000.

Disregarding the H.B. 920 20-mill floor calculations for the moment and continuing in the second column, note the effect of the H.B. 920 reduction factors on the revenue the district collects from real property. In each class, the revenue in TY 2006 from existing real property (real property that was taxed in TY 2005) is equal to the revenue collected on the property in TY 2005 even though both classes of real property experience inflationary increases after the reappraisal. In the case of Class I real property, the effective current expense voted rate was reduced from 25 mills in TY 2005 to 24 mills in TY 2006 in order to generate the same amount of tax revenue ($1,982,500) from that existing property. District A does, however, receive an increase in revenue on real property from the three inside mills and from new construction. In addition, District A receives an increase in TPP tax revenue due to the increase in the taxable value of its public utility TPP. As indicated in Section III of the table, the tax increases from inside mills, new construction, and public utility TPP have resulted in an overall revenue increase of 2.0% for District A despite H.B. 920 tax reduction factors and no new levies being passed in TY 2006.

Without any constraint, the H.B. 920 reduction factors would result in continual decreases in the effective tax rates on real property as long as the value of existing real property increases and voters do not approve another levy. H.B. 920, however, instituted a floor of 20 mills below which the effective current expense tax rates plus current expense inside millage rates on each class of real property may not fall. Note that in the second column of Table 25 the floor calculation for Class II real property fell to 19 mills. The third column shows the effect of the H.B. 920 20-mill floor on the hypothetical District A in TY 2006. As shown in the third column, the revenue on existing Class II real property was increased until the floor calculation reached 20 mills. Instead of receiving revenue of $349,200 on existing Class II real property, District A received $363,800 because of the H.B. 920 20-mill floor. Because of the higher effective rate for Class II real property as a result of the 20-mill floor, District A also realized an additional tax increase of $136 from Class II new construction. Overall, with the H.B. 920 20-mill floor guarantee, District A's total revenue increases by 2.4% from TY 2005 to TY 2006, compared with the overall increase of 2.0% under the hypothetical scenario without the 20-mill floor.

Table 25: District A's Property Value and Local Operating Revenue, TY 2006			
	TY 2005	TY 2006 (Assuming No 20-Mill Floor)	TY 2006 (With 20-Mill Floor)
Section I – Total Taxable Value			
Total Taxable Value	$112,500,000	$120,000,000	$120,000,000
Increase in Total Value		6.7%	6.7%
Class I Real Value	$79,300,000	$84,000,000	$84,000,000
Carryover		*$79,300,000*	*$79,300,000*
Inflationary		*$4,000,000*	*$4,000,000*
New Construction		*$700,000*	*$700,000*
Class II Real Value	$19,400,000	$21,600,000	$21,600,000
Carryover		*$19,400,000*	*$19,400,000*
Inflationary		*$2,000,000*	*$2,000,000*
New Construction		*$200,000*	*$200,000*
Public Utility TPP Value	$13,800,000	$14,400,000	$14,400,000
Section II – Tax Rates			
Inside Millage Rate	0.003	0.003	0.003
Voted Current Expense (CE) Rate	0.030	0.030	0.030
Class I CE Effective Rate	0.025	0.024	0.024
Class II CE Effective Rate	0.018	*0.016*	*0.017*
TPP Rate	0.033	0.033	0.033
H.B. 920 Floor Rate – Class I	0.028	0.027	0.027
H.B. 920 Floor Rate – Class II	0.021	*0.019*	*0.020*
Section III – Tax Revenues			
Class I Revenue	$2,220,400	$2,251,160	$2,251,160
Inside Mills – Existing Property	*$237,900*	*$249,900*	*$249,900*
Inside Mills – New Construction		*$2,100*	*$2,100*
CE - Existing Property	*$1,982,500*	*$1,982,500*	*$1,982,500*
CE - New Construction		*$16,660*	*$16,660*
Class II Revenue	$407,400	$417,264	$432,000
Inside Mills – Existing Property	*$58,200*	*$64,200*	*$64,200*
Inside Mills – New Construction		*$600*	*$600*
CE – Existing Property	*$349,200*	*$349,200*	*$363,800*
CE – New Construction		*$3,264*	*$3,400*
Public Utility TPP Revenue	$455,400	$475,200	$475,200
Total Revenue	$3,083,200	$3,143,623	$3,158,360
Increase in Total Revenue		$60,423	$75,160
% Increase in Total Revenue		2.0%	2.4%

Effect of H.B. 920 on Individual Taxpayers

H.B. 920 tax reduction factors are applied on a taxing district basis. Therefore, they prevent the growth of the aggregate taxes charged against existing Class I property and, separately, Class II property in a taxing district, but they do not necessarily prevent taxes charged against an individual taxpayer from increasing or decreasing. Generally speaking, when a taxing district goes through a reappraisal, an individual taxpayer with a property value growth rate higher than the average growth rate for the taxing district will experience an increase in his or her tax bill. In contrast, an individual taxpayer with a property value growth rate lower than the average growth rate of the taxing district will experience a decrease in his or her tax bill. An individual taxpayer with a property value growth rate the same as the average growth rate of the taxing district will see no change in his or her tax bill. (See the District A example in the box on the following page.)

> H.B. 920 does not necessarily prevent an individual taxpayer's taxes from increasing or decreasing due to a reappraisal or update.

School District Income Tax

The school district income tax is paid by residents of the school district regardless of where they work. Nonresidents working in the district and corporations are not taxed. A total of $240.0 million in school district income taxes was collected by 172 school districts (28.1%) in FY 2008. As shown in Table 23, 66.3% of these are H.B. 920 20-mill floor districts. These 172 districts tend to be smaller than average and represent approximately 16.0% of statewide total ADM. These districts have an average ADM of approximately 1,700 students and an average property valuation per pupil of approximately $118,000 compared to an average ADM of approximately 3,400 students and an average property valuation per pupil of approximately $149,000 for the other 440 districts.

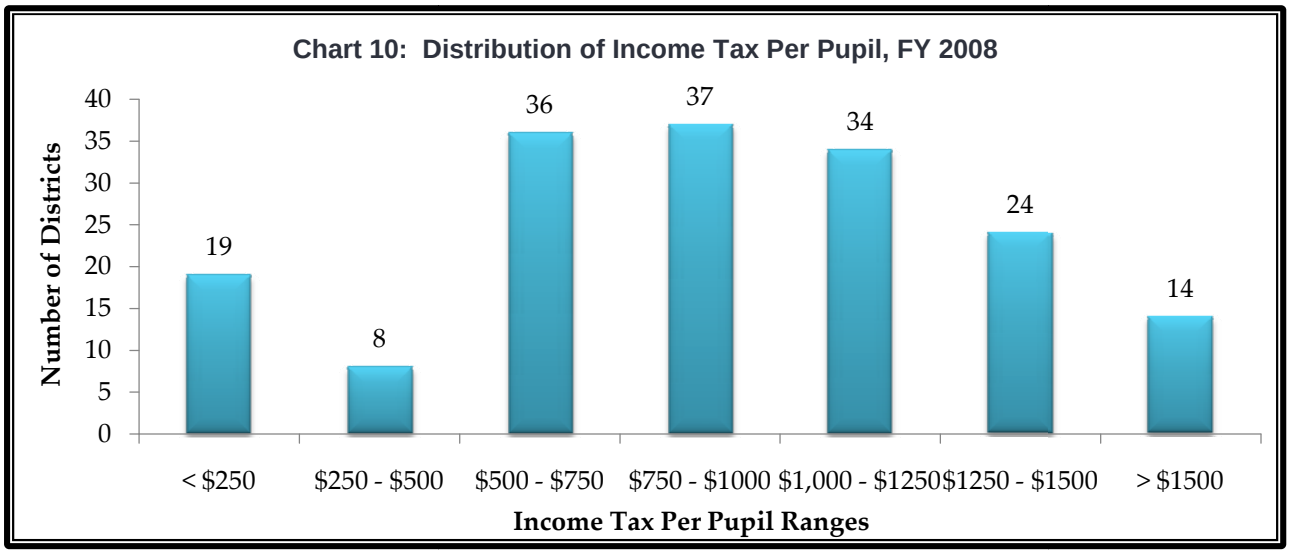
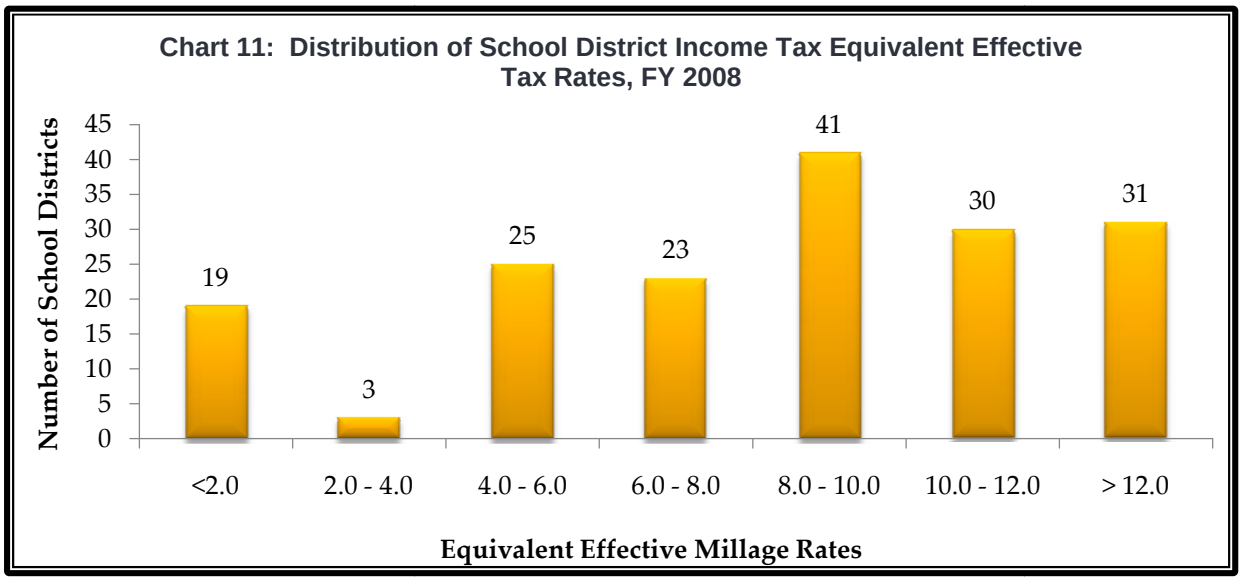


Table 26 shows an example of the effects of H.B. 920 tax reduction factors on three taxpayers living in the hypothetical District A. For purposes of simplicity, the example ignores inside mills and new construction. As seen from the table, District A, as a whole, experiences a 5% increase in Class I real property value after the reappraisal; its effective current expense rate is reduced from 25 mills to 24 mills. All taxpayers in this District A have an effective current expense rate of 24 mills in TY 2006. Taxpayers 1, 2, and 3 live in different parts of the district and experience different growth rates in their property values. Taxpayer 1's property value increases by 3%, lower than the 5% average for the taxing district. Taxpayer 1's tax bill actually decreases by $17 in the reappraisal year. Taxpayer 2's property value increases by 5%, the same as the 5% average for the taxing district. Taxpayer 2's tax bill does not change in the reappraisal year. Taxpayer 3's property increases by 7%, higher than the 5% average for the taxing district. Taxpayer 3's tax bill increases by $24 in the reappraisal year.

Table 26: Effects of H.B. 920 Tax Reduction Factors on Individual Taxpayers

District A	TY 2005	TY 2006 - Reappraisal Year	Change
Total Class I Real Property	$79,300,000	$83,300,000	5%
Class I Current Expense Rate	0.0250	0.0238	
Total Taxes	$1,982,500	$1,982,500	
Taxpayer 1			
True Property Value	$100,000	$103,000	
Taxable Property Value	$35,000	$36,050	3%
Tax Bill	$875	$858	-$17
Taxpayer 2			
Property Value	$125,000	$131,250	
Taxable Property Value	$43,750	$45,938	5%
Tax Bill	$1,094	$1,094	$0
Taxpayer 3			
Property Value	$150,000	$160,500	
Taxable Property Value	$52,500	$56,175	7%
Tax Bill	$1,313	$1,337	$24

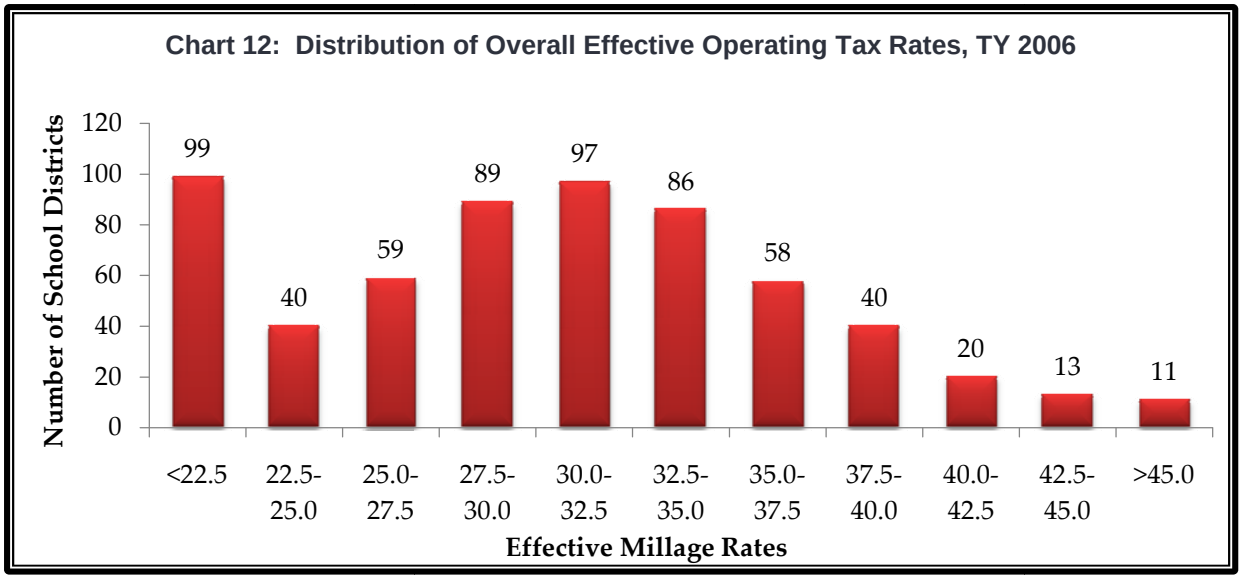
Chart 10 shows the distribution of income tax revenues per pupil for the 172 districts with such revenues in FY 2008. Per pupil school district income tax collections range from less than $100 to over $3,000 with an average of $837 per pupil for these 172 districts. Per pupil amounts of less than $100 often indicate the beginning or ending of a tax levy. By dividing income tax revenue into total property valuation, the equivalent effective millage rate is calculated. Chart 11 shows the distribution of income tax equivalent effective millage rates for the 172 districts with income tax revenues in FY 2008. Effective millage rates range from less



than one mill to over 21 mills with an average of 7.1 mills for these 172 districts. In general, school districts with income tax levies tend to have relatively low business property wealth. Farming communities predominate on the list of school districts with income tax levies.

Summary of School District Effective Operating Tax Rates

By combining revenues received from all operating tax levies, including the school district income tax, it is possible to calculate overall effective operating tax rates. In TY 2006, these range from about 20 mills in the bottom seven districts to more than 50 mills in the top seven districts. The Shaker Heights City SD (Cuyahoga County), the Cleveland Heights-University Heights City SD (Cuyahoga County), and the Bexley City SD (Franklin County) have



the highest overall effective operating tax rates of 71.1, 60.7, and 57.3 mills, respectively. The statewide average is 32.9 mills and the statewide median is 30.5 mills. Chart 12 shows the distribution of overall effective operating tax rates. It can been seen from the chart that the equivalent overall effective rates for 331 school districts (54.1%) range from 25 to 35 mills.

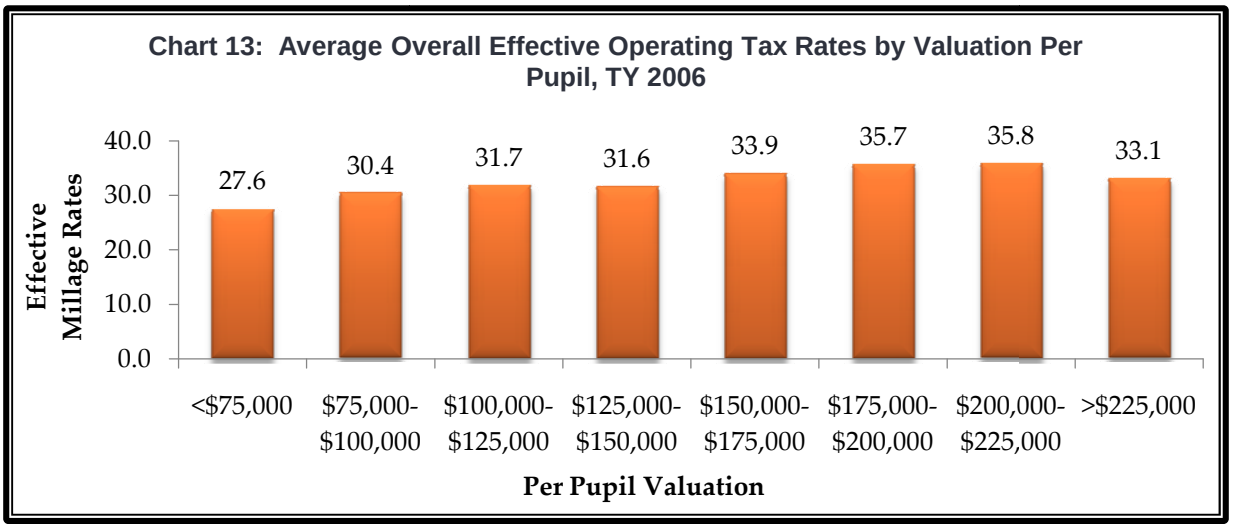
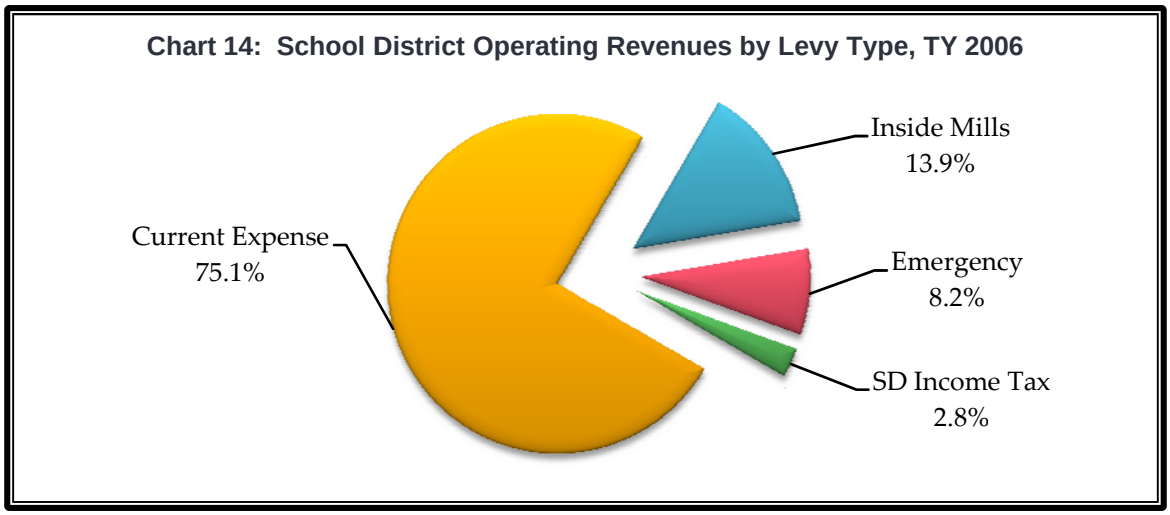


Chart 13 shows the average equivalent overall effective operating tax rates for groups of districts categorized by valuation per pupil in TY 2006. Average rates generally increase slightly as valuation per pupil increases, except for the wealthiest group. Having too many low wealth districts with high tax rates is generally a sign of a poorly designed school finance system. In such a situation, low wealth districts are forced to levy high millage rates to provide a basic education. This does not appear to be the pattern in Ohio.

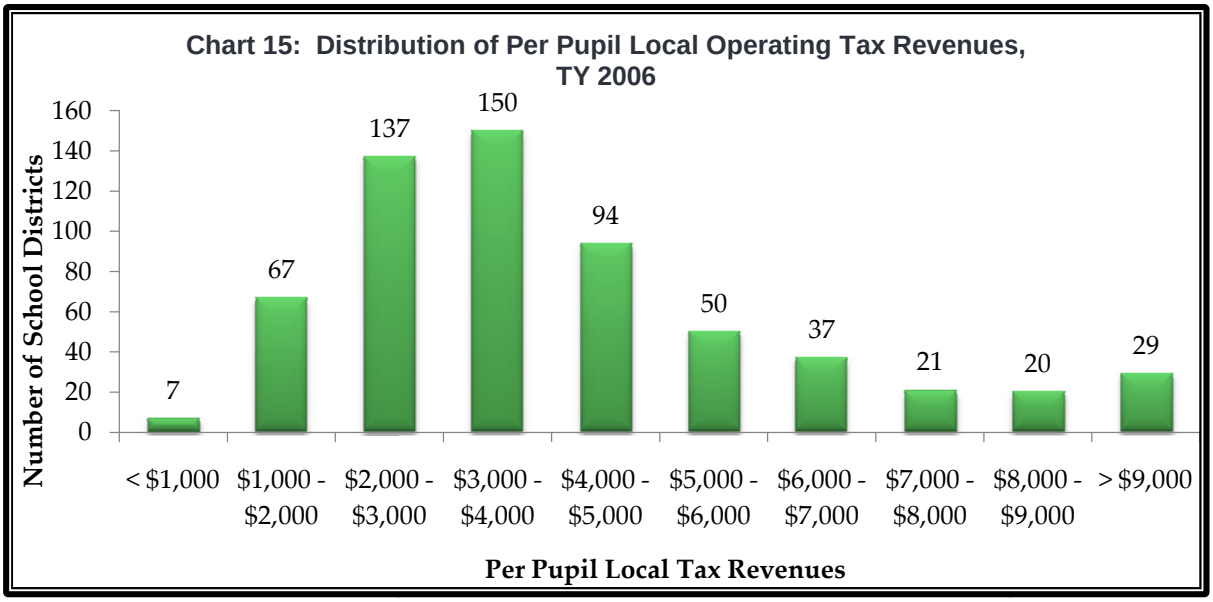
Summary of School District Operating Tax Revenue

As indicated earlier, school districts collected a total of $8.5 billion in operating taxes in TY 2006. Chart 14 shows school district operating tax revenues by levy type. Current expense



levies, representing approximately 75.1% of total operating tax revenues, were the largest component. Inside millage generated 13.9%, emergency levies 8.2%, and school district income tax levies 2.8%.

In TY 2006, local operating tax revenues per pupil range from less than $1,000 in the bottom seven school districts to more than $9,000 in the top 29 districts. The statewide weighted average is $4,737 and the statewide median is $3,575. Chart 15 shows the distribution of per pupil local operating tax revenues. It can be seen from the chart that for 381 school districts (62.3%), per pupil local operating tax revenues range from $2,000 to $5,000. It should be noted that state education aid is largely equalized based on each district's wealth as measured by property value per pupil and not directly based on each district's local tax revenue per pupil. School districts have no control over their wealth levels, but they do have some control over their revenues. Two districts with the same valuation per pupil will have different local revenues per pupil if they have different tax rates.



Joint Vocational School Districts

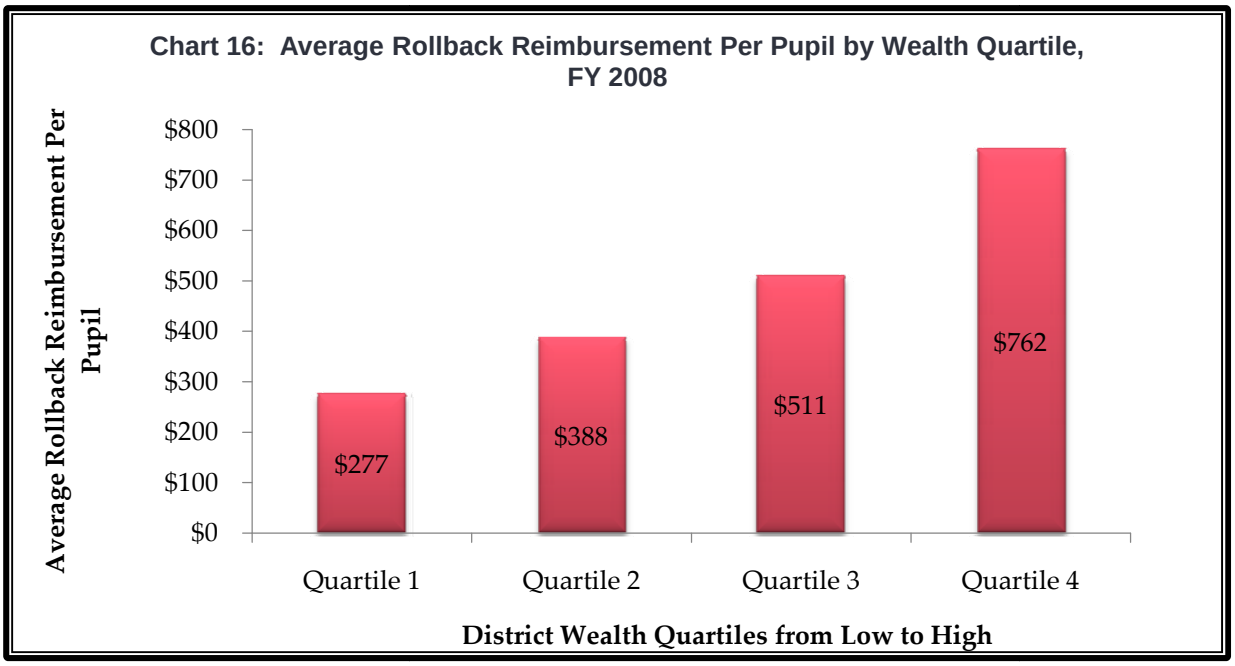
As stated in the state operating revenue section, there are 49 joint vocational school districts (JVSD) with 495 associate school districts that may send students to their schools. Like a regular school district, each JVSD has its own taxing authority. In TY 2006, the 49 JVSDs collected a total of $320.3 million in local operating revenue. Levies need to be approved by taxpayers in all associate districts and the same JVSD millage rate applies to all associate districts within a JVSD. Since a JVSD may include several regular school districts, its tax base is generally much larger. In TY 2006, average valuation per pupil for all JVSDs is approximately $4.1 million.

JVSDs do not have inside mills and they do not levy emergency levies or income tax levies. For operating revenues, therefore, JVSDs are restricted to voted current expense levies.

As with regular school districts, JVSDs current expense and permanent improvement levies are subject to H.B. 920 tax reduction factors. The floor on effective current expense millage for JVSDs is 2.0 mills, although several JVSDs are below this millage rate because they have not had levies approved by voters for more than this amount. In TY 2006, effective operating rates for JVSDs average 2.0 mills and local operating tax revenues for JVSDs average $8,352 per pupil statewide.

Property Tax Rollbacks

As part of its tax policy, the state reduces the property taxes on residential and agricultural real property by 10.0% and the property taxes on owner-occupied homes by an additional 2.5%. These two reductions in real property taxes provided by the state are often called property tax rollbacks. The state reimburses school districts and JVSDs (and other local governments) for this reduction in real property taxes. In FY 2007, school districts received a total of $816.2 million and JVSDs received a total of $33.2 million statewide in property tax rollback reimbursements. These reimbursements are directly related to the amount of property tax revenue paid in each district, so unlike state education aid, property tax rollback reimbursements tend to be higher in higher wealth districts. Chart 16 shows the average rollback reimbursement per pupil in the four wealth quartiles for FY 2008.



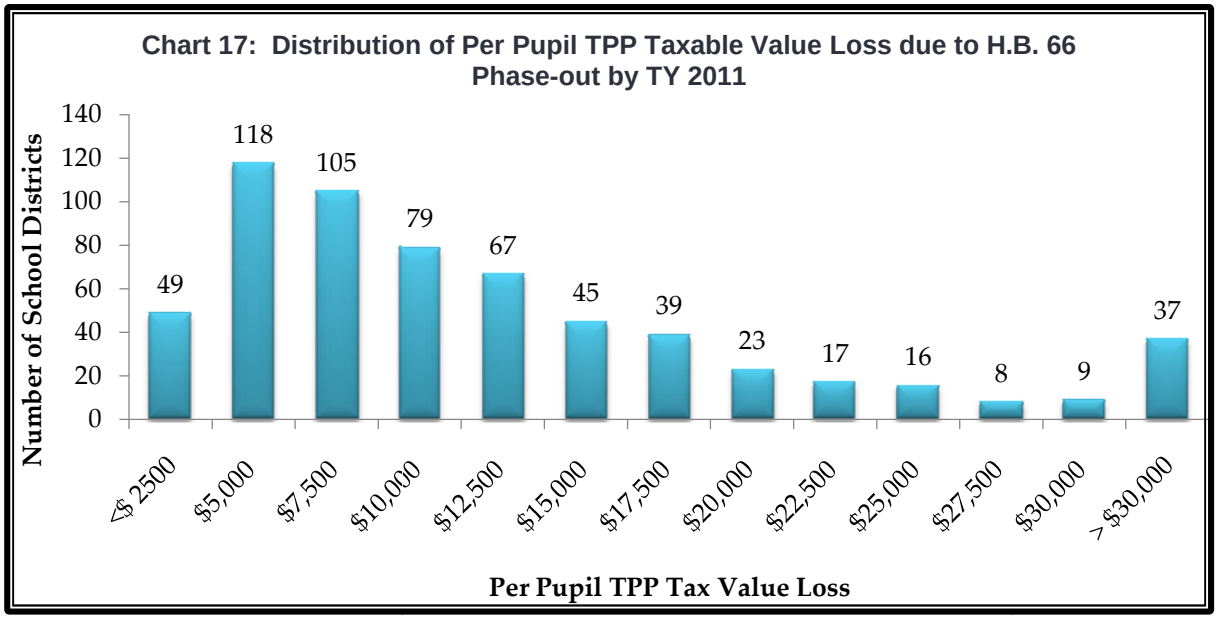
Phase-Out of General Business Tangible Personal Property (TPP) Tax

Am. Sub. H.B. 66 of the 126th General Assembly phased out the general business tangible personal property (TPP) tax, the railroad TPP tax, and the telephone and telecommunications TPP tax. The phase-out of general business and railroad TPP taxes began in TY 2006 and will be completed by TY 2009. The phase-out of the telephone and telecommunications TPP tax began in TY 2007 and will be completed by TY 2011. New machinery, equipment, furniture, and fixtures are exempted from taxation beginning in TY 2004. The tax on inventories was already in the process of being phased out, but H.B. 66 accelerated this phase-out to coincide with the phase-out schedule of the other general business TPP taxes. The Department of Taxation has calculated the tax value and tax revenue loss for each school district due to this phase-out. The total tax value loss statewide for each year of the phase-out is given in Table 27. As can be seen from Table 27, the total tax value loss for all school districts statewide by the end of the phase-out period in TY 2011 is $21.7 billion.

Table 27: Statewide School District H.B. 66 TPP Tax Value Loss

Tax Year	School District Tax Value Loss
TY 2006	$6.1 billion
TY 2007	$11.1 billion
TY2008	$15.5 billion
TY 2009	$20.9 billion
TY 2010	$21.3 billion
TY 2011	$21.7 billion

Chart 17 shows the distribution of per pupil TPP taxable valuation loss by TY 2011 over the 612 school districts. Per pupil valuation losses range from approximately $200 for Ohio



Valley Local in Adams County to almost $170,000 for Cuyahoga Heights Local in Cuyahoga County with an average of about $12,000 and a median of about $8,500. As can be seen in the chart, while most districts have per pupil TPP taxable valuation losses toward the low end of the distribution, a few have relatively high concentrations of TPP losses.

State Education Aid Offset

In the section on state operating revenue, it was shown how the distribution of state base cost funding to each district is dependent on each district's property valuation. In particular, each district is expected to contribute 23 mills of its recognized valuation to its base cost funding. The state then provides the difference between the district's total base cost as calculated by the state formula and the district's local share. Therefore, one effect of the phase-out of the TPP tax is that districts' recognized valuations will decrease causing their local shares of base cost funding to decrease and in turn causing the state share of base cost funding to increase. State funding for categorical costs will also increase as this funding is dependent on the state share percentage of base cost funding, which will be higher as the TPP tax phases out. This increase in state aid is called the state education aid offset. It is calculated by ODE for each district by calculating state aid for each district with and without the TPP tax value loss determined by the Department of Taxation for each year of the phase-out. The difference between these two calculations is the state education aid offset. Since base cost funding is the biggest part of this offset, the state education aid offset can be estimated at approximately 23 mills of the state tax value loss or $498.2 million when the tax is completely phased out. However, the actual state education offset is affected by various supplement and guarantee components of the formula. Since TY 2006 taxable property value data were used in calculating state education aid for FY 2008 and since the TPP tax phase-out began in TY 2006, FY 2008 was the first year in which the state education aid offset was calculated.

> One effect of the TPP tax phase-out is to increase state aid to school districts.

Direct Reimbursements

H.B. 66 also established a new "commercial activity tax" (CAT) and deposited part of the revenue generated through this new tax in the School District Property Tax Replacement Fund (Fund 7047) to provide reimbursements to school districts for their revenue losses due to the acceleration of the inventory tax phase-out and the elimination of the rest of the TPP tax. This reimbursement includes two parts: the state education aid offset and direct reimbursement for the loss that exceeds the state education aid offset. Part of the CAT revenue deposited into Fund 7047 is transferred to GRF appropriation item 200550, Foundation Funding, to pay for the state education aid offset.

School levies are grouped into two categories for purposes of calculating their tax revenue losses: fixed-rate (inside mills and current expense) levies and fixed-sum (emergency and bond) levies. Fixed-rate levies are based on a millage rate, so that the amount of revenue raised can vary with the taxable property value of the district. Therefore, if a district's taxable property value decreases because of the phase-out of the TPP tax, the amount of revenue the district receives from existing fixed-rate levies also decreases. The reimbursement base for fixed-rate levies is the amount of this revenue loss. Fixed-sum levies are designed to raise a fixed amount of revenue each year. School districts do not lose tax revenue from existing fixed-sum levies when taxable property value decreases; even if there were no reimbursement mechanism, the rate on the remaining taxable property would be adjusted upward to raise the same amount of revenue. In order for a school district to be eligible for fixed-sum levy loss reimbursement, the rate increase on the remaining property of the district has to be greater than 0.5 mills. The reimbursement base for fixed-sum levies is the amount above the 0.5 mill threshold.

The Department of Taxation has determined that school districts have a total reimbursable tax revenue loss of $370.2 million in TY 2006; that amount will grow to $1,129.4 million by TY 2010. JVSDs have a TY 2006 total reimbursable tax revenue loss of $11.0 million that will grow to $37.6 million by TY 2010. Through TY 2010, school districts are held "harmless" for the reimbursement base revenue loss amounts determined by the Department of Taxation for fixed-rate and fixed-sum levies through a combination of the state education aid offset and direct reimbursement. So the combination of the state education aid offset and direct reimbursement payments will be equal to each district's fixed-rate levy loss plus its fixed-sum levy revenue above the 0.5 mill threshold. Beginning in TY 2011, direct reimbursement payments will be phased out at a rate of 3/17 in the first two years and then at a rate of 2/17 per year until completely eliminated after TY 2018. Emergency levies are fully reimbursed from TY 2006 to TY 2010 and will be reimbursed after TY 2010 only when the levies are renewed. Bond levies are reimbursed for the duration of their lives. State education aid increases as a result of the TPP tax changes will continue indefinitely. Furthermore, part of the CAT revenue will continue to be deposited into Fund 7047 for school purposes after TY 2018.

INTERACTION OF SCHOOL FUNDING FORMULA AND TAX POLICIES

As discussed in the state operating revenue section, the local share (charge-off) method currently used in the school funding formula has achieved its goal of distributing a higher share of state aid to districts with lower property wealth. In fact, Chart 6 in that section demonstrates the upward straight-line relationship between each district's property value per pupil and its per pupil local share of base cost funding. Under such a funding method, a school district with a lower per pupil valuation will also have a lower per pupil local share amount while a school district with a higher per pupil valuation will also have a higher per pupil state share amount. Through this method, the state neutralizes the effect of the uneven distribution of taxable property value on each school district's ability to provide the state-defined basic education.

H.B. 920 was designed to limit tax revenue growth without approval of the voters. As shown in the local operating revenue section, H.B. 920 has achieved its stated goal. The majority of tax increases in Ohio are approved by the voters. School districts, joint vocational school districts, and other local governments have been periodically asking voters for tax increases beyond the limitations set by H.B. 920.

While the school funding formula and H.B. 920 have achieved their respective goals, the interaction of these two policies has created a unique challenge for school districts. Compared with other local governments, school districts have to ask voter approval of new levies much more frequently in order to maintain or increase their spending levels. While the formula guarantees funding for the state-defined basic education every year with a combination of state education aid and local revenue, enhancement spending is not guaranteed by the formula. Enhancement spending is largely supported by locally approved property tax levies. In order to maintain or increase their enhancement spending, school districts need to ask for new levies periodically. The effect of the interaction of the funding formula and H.B. 920 tax reduction factors on a school district's enhancement spending is often called "reappraisal phantom revenue." The following sections discuss various aspects of the effect of this interaction on school districts, including types of phantom revenue, current provisions that soften the impact of this interaction, and "solutions" to the unique challenge facing school districts as a result of this interaction.

> Interaction of school funding formula and H.B. 920 tax policy has created challenges for school districts.

Types of Phantom Revenue

The constitutionality of the state's school funding system was challenged in a case commonly referred to as *DeRolph*. The second decision issued by the Ohio Supreme Court in this case (*DeRolph II*) identified three types of "phantom revenue." Type I or formula phantom revenue refers to any amount by which the local revenue collected by a district is less than the local share assumed by the funding formula. Type II or reappraisal phantom revenue refers to increases in a district's local share due to increases in its property valuation that are not

matched by increases in a district's local revenue due to H.B. 920 reduction factors. Finally, Type III phantom revenue refers to the higher local share that was previously recognized for districts with median incomes greater than the state median.

Type III Phantom Revenue

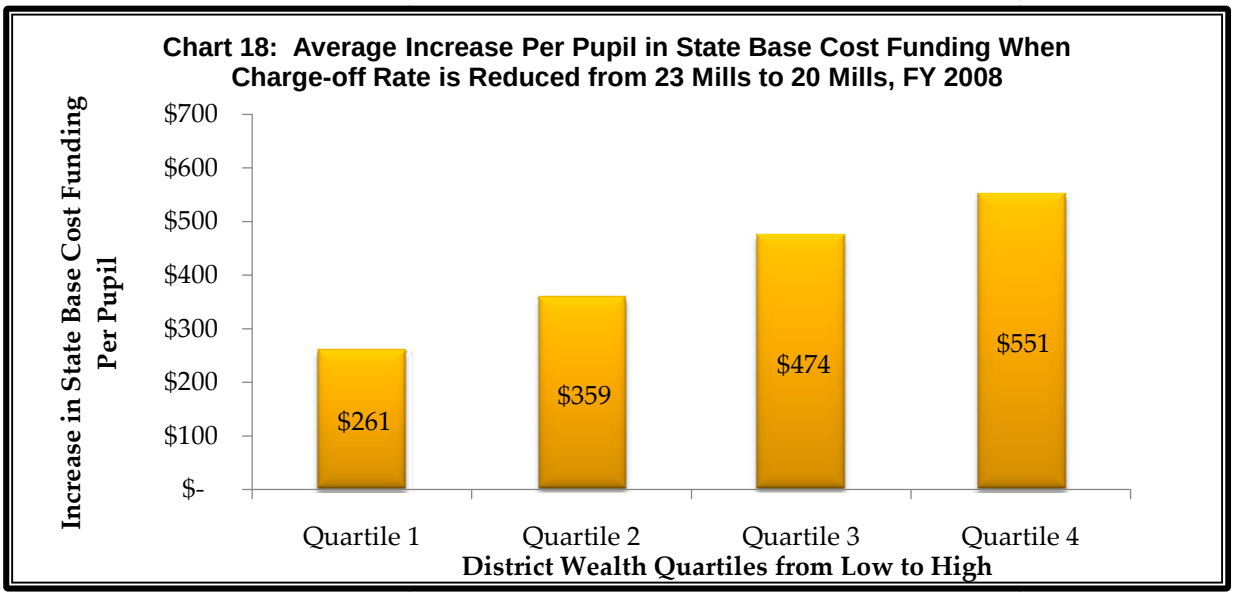
Type III phantom revenue was completely eliminated by the 122nd General Assembly. Previously, the valuation used to calculate the local share of base cost funding was adjusted upward for districts with median incomes greater than the state median income. There is no longer any income adjustment to the valuation used to calculate the local share.

Type I – Formula Phantom Revenue

Type I or formula phantom revenue is completely eliminated through the charge-off supplement (gap aid). The origin of Type I phantom revenue is the interaction of the charge-off method and the H.B. 920 tax policy. The formula assumes that districts contribute 23 mills of property valuation to fund their base costs and up to an additional 3.3 mills to fund their costs of special education additional weights, career-technical education additional weights, and modeled transportation. Without additional levies, H.B. 920 reduces current expense revenue from real property down to a floor of 20 mills. It is possible, therefore, that districts will not actually be collecting the 23 to 26.3 mills assumed by the formula. Gap aid fills the gap between the assumed local share and the actual operating revenues collected by districts and therefore, eliminates formula phantom revenue. In FY 2008, the state provided about $85.3 million in gap aid to 158 school districts that may otherwise have experienced formula phantom revenue.

Another way to eliminate formula phantom revenue is to lower the local share to the H.B. 920 floor of 20 mills. If this method had been chosen, state base cost funding would have been approximately $692.8 million higher in FY 2008. This method also has a disequalizing effect. Higher wealth districts benefit more than lower wealth districts. Chart 18 shows the average per pupil increase in state base cost funding by wealth quartile. Districts in the lowest wealth quartile would receive an average per pupil increase in state base cost funding of approximately $261, whereas districts in the highest wealth quartile would receive an average per pupil increase of approximately $551. In addition, unless high wealth districts lower their local revenue collections in response to the increase in state aid, their local enhancement revenues would increase. As shown previously, the current inequities in school district per pupil revenues occur because of inequities in local enhancement revenues.

> Lowering the charge-off rate benefits higher wealth districts more than lower wealth districts.



Type II – Reappraisal Phantom Revenue

The term "reappraisal phantom revenue" has been used to describe the effect of the interaction of the funding formula and H.B. 920 tax reduction factors on a school district's local enhancement revenue. If a school district does not have any local revenue above the state-defined basic education level, the district will not have any reappraisal phantom revenue. As indicated earlier, 158 school districts received gap aid in FY 2008. These districts are therefore not affected by reappraisal phantom revenue. For districts that are at the H.B. 920 20-mill floor, revenues grow fully when property values increase. These districts are not affected by reappraisal phantom revenue either. In TY 2006 about 324 school districts are at the 20-mill floor in at least one class of real property. There are overlaps between gap aid districts and H.B. 920 20-mill floor districts.

H.B. 920 tax reduction factors are applied not only to school districts, but also to joint vocational school districts and other units of local governments. However, the effect of the H.B. 920 tax reduction factors on school districts is much more significant. This is primarily due to two factors. One is the sheer size of property taxes used for school operations. As indicated earlier, school districts levied $8.5 billion in local operating tax revenue in TY 2006, which accounts for approximately 50% of all school district revenues. This percentage is even higher for those relatively high wealth school districts. For a school district with 70% of all revenues coming from local property taxes, the effect of H.B. 920 tax reduction factors is likely to be significant. The second reason is the fact that with the exception of gap aid districts (158 in FY 2008), every district levies additional taxes to support its enhancement spending. In FY 2008, the average revenue per pupil is $6,919 statewide for the state-defined basic education. However, school districts on average also have an additional $1,525 in local enhancement revenue. In fact, as shown in Chart 9, the top 25% of school districts on average have about $2,874 in per pupil local enhancement revenue. In order to maintain or increase such a large

percentage of revenue above the state-defined basic education level, school districts will periodically have to ask for voter approval of new levies.

Provisions that Soften the Effect of H.B. 920 Tax Reduction Factors

Three provisions of the school funding formula help to soften the impact of H.B. 920 tax reduction factors on districts' enhancement revenues. These are recognized valuation, parity aid, and various guarantee and supplement components of the formula.

Recognized Valuation

In the base cost funding formula, the recognized valuation provision phases in the valuation growth due to a reappraisal or update over a three-year period. As seen in the example of District A (Table 28), District A's total taxable value increased from $112.5 million in TY 2005 to $120.0 million (including $6.0 million of inflationary increase in real property) in TY 2006 after it went through a reappraisal. In FY 2008 the formula only recognizes one-third of the inflationary increase in District A's real property so District A's recognized valuation is $116.0 million ($120.0 million - $4.0 million). Without the recognized valuation provision, District A's local share of base cost funding would have increased by an additional $92,000 ($4,000,000 x 0.023) in FY 2008. Its local share for categorical costs would also have increased by an additional $7,669 so that its total local share for the state-defined basic education would have increased by an additional $99,669 in FY 2008. This would have resulted in an additional decrease of $99,669 in local enhancement revenue in FY 2008. In FY 2008, recognized valuation increased the state share of base cost funding statewide by about $210.7 million. Over a full six-year reappraisal/update cycle, recognized valuation increases the state share by about $125 million per year statewide.

Parity Aid

Parity aid further buffers the effect of H.B. 920 tax reduction factors on a district's enhancement revenue. It particularly lessens the effect for low property and low income wealth districts' enhancement revenue. Although parity aid equalizes additional mills of local enhancement revenue, it does not require that districts actually levy additional mills to obtain the state equalization funding. This is important because a district's overall effective tax rate may decrease as a result of H.B. 920 reduction factors being applied after a reappraisal or update. If parity aid only equalized the additional mills the district actually levied, then the number of mills equalized by parity aid may also decrease as a result of H.B. 920 reduction factors, which would compound the effect of H.B. 920 tax reduction factors instead of softening it. In FY 2008, approximately $478.6 million in parity aid was distributed to the 419 lowest wealth school districts.

To demonstrate the effect of reappraisal phantom revenue, consider the example of the hypothetical District A. Table 25 in the previous section shows the effect of the H.B. 920 reduction factors on District A's local revenues when District A goes through a reappraisal. Table 28 shows the effect of the interaction of the funding formula and H.B. 920 reduction factors on District A's local enhancement revenue. To isolate this interaction effect, this example assumes that District A's ADM and special and career-technical education weights do not change from FY 2007 to FY 2008 and uses the initial state share percentage in both years. The total base cost for District A increases because of increases in the base cost formula amount and the base funding supplements. Due to the reappraisal, District A's recognized valuation increases by $3,500,000 and, therefore, its local share of base cost funding increases by $80,500 ($3,500,000 x 0.023). District A's local share for categorical costs also increases by $6,802 so that its total local share for the state-defined basic education increases by $87,302 in FY 2008. As we saw in Table 25, however, due to the H.B. 920 reduction factors, District A's local revenue only increases by $75,160. District A's local enhancement revenue is the amount of its local revenue above its local share for the state-defined basic education. Since District A's local share increases by more than its local revenue increase, its local enhancement revenue decreases by the difference, $12,142. It is this mismatch in the local share growth rate and the local revenue growth rate constrained by H.B. 920 tax reduction factors that leads to the reappraisal phantom revenue phenomenon.

Table 28: Reappraisal Phantom Revenue Example – District A

	FY 2007	FY 2008	Change
Formula ADM	931	931	
Formula Amount	$5,403	$5,565	
Base Funding Supplements Per Pupil	$47.99	$49.42	
Base Cost	$5,074,872	$5,227,025	$152,153
Total Taxable Valuation	$112,500,000	$120,000,000	$7,500,000
Recognized Valuation	$112,500,000	$116,000,000	$3,500,000
Charge-off	$2,587,500	$2,668,000	$80,500
State Base Cost Funding	$2,487,372	$2,559,025	$71,653
State Share Percentage	49.0%	49.0%	
State Share of Weighted Funding	$210,161	$216,215	$6,054
Local Share of Weighted Funding	$218,621	$225,423	$6,802
Total State Share	$2,697,533	$2,775,240	$77,708
Total Local Share	$2,806,121	$2,893,423	$87,302
Local Revenue	$3,083,200	$3,158,360	$75,160
Local Enhancement Revenue	$277,079	$264,937	-$12,142

As seen in this example, there is no reappraisal phantom revenue in the state-defined basic education. In both FY 2007 and FY 2008, the formula guarantees District A to have sufficient state and local revenue to pay for the cost of the state-defined basic education. What the formula does not guarantee is the amount of local enhancement revenue available. District A's local enhancement revenue decreases by $12,142 after the reappraisal. If District A wants to maintain or increase the amount of local enhancement revenue that was available before the reappraisal, it will have to ask the district's voters to approve a new levy.

Guarantees and Supplements

As discussed in the state operating revenue section, various guarantees and supplements have been added into the formula that is used to divide the cost of the state-defined basic education between the state and local school districts. After FY 2008, these include transitional aid, the excess cost supplement, and gap aid. The effect of these guarantees and supplements is to decrease the local share that would otherwise be assigned to school districts by the formula and, accordingly, increase the state share. These guarantees and supplements effectively help stabilize the amount of enhancement revenues available to school districts when they go through a reappraisal or update, therefore softening the effect of the H.B. 920 reduction factors on school districts' enhancement revenues. In FY 2008, funding for the various guarantees and supplements totaled about $594.8 million.

Proposals to Eliminate the Effect of H.B. 920 Tax Reduction Factors

It is challenging for the school funding formula to attempt to completely address the effect of H.B. 920 tax reduction factors without creating new concerns. The formula is designed to target limited state resources to districts with lower capacities to ensure similar state-defined basic education to every student. The formula has achieved its purpose. It is difficult to address the challenge created by the interaction of the formula and state tax policies by modifying the formula alone. Addressing the effect of this interaction needs to occur in the state tax policy arena as well.

While H.B. 920 started out as a law (hence the name), it is now firmly placed in the Ohio Constitution as Article XII, Section 2a. There are other provisions on property tax in Article XII, Section 2 and elsewhere. These provisions form a complex web of provisions that limit significant changes to property tax law. Discussion of these many provisions is beyond the scope of this analysis. Suffice it to say that the main ways to blunt the effects of H.B. 920 all involve complex constitutional issues. The two main ways are to increase the number of inside mills and to increase the 20-mill floor. While the legislature can increase the H.B. 920 floor, the mechanism of how this can be accomplished without significant and immediate property tax increases is not clear. Increasing the number of inside mills is arguably constitutional but any law attempting to do so will likely be reviewed by the Ohio Supreme Court before it is

Consider again the example of the hypothetical District A as shown in Table 29. Although District A's wealth per pupil increases, it does not increase as much as the threshold wealth per pupil, so its parity aid per pupil increases. In fact, in the example of District A, its increase in total parity aid outweighs its decrease in local enhancement revenue due to H.B. 920 tax reduction factors so that its total enhancement revenue increases.

Table 29: Effect of Parity Aid on Reappraisal Phantom Revenue Example – District A

	FY 2007	FY 2008	Change
Formula ADM	931	931	
Recognized Valuation	$112,500,000	$116,000,000	$3,500,000
Property Wealth Per Pupil	$120,838	$124,597	$3,759
Income Wealth Per Pupil	$106,000	$109,000	$3,000
Wealth Per Pupil (2/3 property + 1/3 income)	$115,892	$119,398	$3,506
Threshold Wealth Per Pupil	$159,862	$170,400	$10,538
Difference from Threshold	$43,971	$51,002	$7,031
Parity Aid Per Pupil	$330	$408	$78
Total Parity Aid	$307,230	$379,848	$72,618
Local Enhancement Revenue	$277,079	$264,937	-$12,142
Total Enhancement Revenue	$584,309	$644,785	$60,476

implemented. This makes potential policy changes uncertain and the timing for such changes unknown.

Over the years various "formula solutions" have been proposed to address the effect of H.B. 920 tax reduction factors on school district enhancement revenue. These proposals all tend to gradually move away from the current wealth-based local share system to a system that will base each district's local share on the methods used by the district to raise local revenues. They all tend to be costly and, more importantly, tend to shift more state resources to higher wealth districts; this appears to go against the stated equalization goal of the formula and may raise a difficult equalization issue for the state, especially over the long run. Part of the reason that the formula cannot completely address the effect of H.B. 920 tax reduction factors is that there is no clear and fair way to measure the amount of reappraisal phantom revenue for each district. It is therefore difficult for the formula to attempt to compensate school districts for something that cannot be reasonably quantified. H.B. 920 tax reduction factors were not designed with reimbursement in mind.

> Proposals to counteract the effect of H.B. 920 reduction factors on school district enhancement revenues through the funding formula alone tend to shift state resources over the long run to higher wealth districts.

One of the proposed ways to measure reappraisal phantom revenue is to compare the amount of revenue a district actually collected to the amount of tax revenue the district would have collected if the district's total rate (the sum of inside mills used for current expenses, emergency mills, and current expense mills prior to the application of H.B. 920 tax reduction factors) had been applied to real property. The problem with this approach is that the total rates for many districts would not be nearly as high as they are today if there was no H.B. 920. Furthermore, without H.B. 920, every district's total rate will equal its effective rate. With H.B. 920 the difference between a district's total rate and its effective rate is a cumulative result of levy options used by the district over the last 30 years. This difference is not a measure of a district's wealth or tax effort. It will therefore be difficult to use such a measure to quantify a district's reappraisal phantom revenue amount.

As discussed earlier, while both current expense and emergency levies are used to support school operations, current expense levies are subject to H.B. 920 tax reduction factors and emergency levies are not. Because of this different treatment, two districts with the same effective rate could have very different total rates. For example, Fairlawn Local (Shelby County) and Millcreek-West Unity Local (Williams County) had similar effective Class I tax rates in TY 2006 (24.52 mills and 24.64 mills) and they also have similar wealth per pupil ($87,087 and $91,630). However, Fairlawn Local's total rate is 28.10 mills while Millcreek-West Unity Local's total rate is 49.50 mills. In other words, Fairlawn's effective rate is about 87.3% of its total rate while Millcreek-West's effective rate is only about 49.8% of its total rate. If the total rate is used to quantify reappraisal phantom revenue and the state reimburses districts based on this measure, Millcreek-West Unity Local will receive much more state aid than Fairlawn Local. Since these two districts have similar wealth and their residents are making similar tax efforts, it may be difficult for the state to justify why one receives substantially more state aid than the other.

On average in TY 2006, Class I effective rates are about 60% of the total rates for school districts; they range from less than 40% for some districts to 100% for some other districts. Table 30 summarizes the distribution of school district effective Class I rates as percentages of their total rates.

Table 30: Distribution of School District Effective Class I Rates as Percentages of Their Total Rates, TY 2006

Range	Number of School Districts
< 40%	26
40% - 50%	151
50% - 60%	145
60% - 70%	124
70% - 80%	99
80% - 90%	34
90% - 100%	33

The Fundamental Impact of H.B. 920 on Ohio School Districts

School district property tax revenue grew from approximately $3.0 billion in TY 1986 to approximately $8.0 billion in TY 2004, an increase of 166.7%. Personal income in Ohio grew from approximately $107.6 billion in TY 1986 to approximately $293.4 billion in TY 2004, an increase of 172.7%. Even without H.B. 920 reduction factors, it does not seem reasonable to assume that property tax revenues would increase at a rate much above the rate of increase of personal income. If the percentage increase in property tax revenue over the 18 years from TY 1986 to TY 2004 had matched the percentage increase in personal income, property tax revenues would only be about 2.3% higher. Since property tax revenue growth has generally matched the growth in personal income tax revenue under H.B. 920, it is likely that property tax revenue would be much the same today without H.B. 920 or another tax limiting mechanism. However, the path traveled to reach today's point would have been much different. There would have been far fewer levy votes and perhaps a different distribution of revenue.

The fundamental impact of H.B. 920 on education, therefore, does not seem to be lower revenues but rather the necessity of more voted levies to achieve those revenues. Having more levies requires superintendents, school board members, and some other school administrators to lead levy campaigns more frequently than would a system with no limitation on the growth of local property taxes. Most districts at the 20-mill floor also have many levy campaigns because the emergency levies that many districts use have a maximum length of five years. Spending more time on levies takes away the time school district leaders have to spend on other activities that are at the core of providing students in the districts with quality educations. On the other hand, more levies give the voters in a district more opportunities to decide whether or not they are willing to support the district financially. In effect, levies have provided opportunities for district officials and voters to communicate with each other.

> H.B. 920 tax reduction factors tend to lead to more school district levy campaigns.

Reappraisal phantom revenue is a result of any system that limits the tax revenue growth in real property relative to the valuation growth. As long as there is a tax revenue growth limitation mechanism, school districts will have to pass additional levies to keep previously available local enhancement revenue dollars growing with inflation. Reappraisal phantom revenue may have become more apparent under H.B. 920 due to the existence of two tax rates (voted millage and effective millage) and the H.B. 920 reduction factors. Under the previous millage rollback system, there was only one effective rate and this rate was adjusted downward in the reappraisal year. However, in order to maintain the same amount of local enhancement revenue school districts also needed to pass additional levies under the old system.

One positive benefit to H.B. 920's effect on enhancement revenue is that it appears to be somewhat equalizing for the system. School districts that have higher H.B. 920 tax reduction factors tend to have high millage rates, high real property value growth, and a high proportion of real property (especially Class I real property). Districts with lower H.B. 920 tax reduction

factors tend to have low real property value, low growth in real property value, and school district income taxes. These characteristics indicate that H.B. 920 tends to pull down the tax rates in wealthy districts more than in poor districts. Without H.B. 920, tax rates and revenues in wealthy districts might be even higher than they currently are today.

FEDERAL OPERATING REVENUE

As shown in the introduction, in FY 2008 federal revenue makes up about 8.2% of public school revenue in the state. Table 31 shows the growth of federal revenue per pupil over the last ten years. It can be seen that as a percentage of total school revenues, federal revenues have increased from a little under 6.0% in the late 1990s and early 2000s to 8.5% in FY 2006, in FY 2007 growth in federal revenues slowed somewhat but picked up again in FY 2008. Federal revenues per pupil have increased 129.2% over this ten-year period from $377 in FY 1999 to $864 in FY 2008.

Table 31: Growth of Federal Revenue Per Pupil, FY 1999 – FY 2008

Fiscal Year	Per Pupil Federal Revenue	Annual Percentage Change	As a Percent of Total District Revenue Per Pupil
FY 1999	$377	6.8%	5.6%
FY 2000	$406	7.7%	5.8%
FY 2001	$473	16.5%	6.2%
FY 2002	$488	3.2%	6.1%
FY 2003	$550	12.7%	6.7%
FY 2004	$684	24.4%	7.7%
FY 2005	$783	14.5%	8.4%
FY 2006	$824	5.2%	8.5%
FY 2007	$825	0.1%	8.0%
FY 2008	$864	4.7%	8.2%

Distribution of Federal Funds

Ohio Department of Education

A large portion of federal funding for schools is passed through ODE and is, therefore, a part of ODE's budget. However, schools may also receive grants directly from the federal government. The major federal programs funded through ODE's budget are the Individuals with Disabilities Education Act (IDEA), Title 1A of the Elementary and Secondary Education Act (reauthorized in the No Child Left Behind Act (NCLB)), the Federal School Lunch and Breakfast Program, and NCLB's Improving Teacher Quality grants. Funding for these and other major federal programs is presented in Table 32.

Table 32: Major Federal Program Funding for Ohio Schools, FY 2005 – FY 2008					
Program Name	**FY 2005**	**FY 2006**	**FY 2007**	**FY 2008**	**Change FY 2005-FY 2008**
IDEA	$ 411.5 million	$ 487.0 million	$ 495.1 million	$ 491.5 million	19.4%
Title 1A	$ 384.5 million	$ 396.6 million	$ 398.6 million	$ 412.1 million	7.2%
School Lunch and Breakfast	$ 261.3 million	$ 267.7 million	$ 281.4 million	$ 348.9 million	33.5%
Improving Teacher Quality	$ 103.7 million	$ 106.2 million	$ 105.6 million	$ 93.9 million	-9.5%
Career-Technical	$ 47.3 million	$ 48.3 million	$ 47.0 million	$ 44.7 million	-5.5%
Reading First	$ 31.8 million	$ 46.4 million	$ 29.3 million	$ 20.0 million	-37.1%

There are two major classifications of federal education grant programs administered by ODE – entitlement grants and discretionary grants. Entitlement grants are formula driven subsidy payments to school districts and other local education agencies. According to ODE, entitlement grants account for about 81% of all federal education funds received by ODE. Unlike entitlement grants, ODE has some control over the distribution of discretionary grants. The degree of control varies from grant to grant. There are three different types of discretionary federal grants: competitive grants, state-level activity grants, and state administration grants. Competitive grants are generally awarded to eligible school districts and other local education agencies based on application criteria established within the federal grant guidelines. Competitive grants account for approximately 10% of all federal education funds received by ODE. State-level activities include technical assistance, professional development, program evaluation, and program improvements. The majority of these funds (about 7% of all federal education funds received by ODE) are distributed to educational partners outside of ODE. State administration grants are used by ODE to manage the other grants, including awarding grants to schools, monitoring recipients, accounting, auditing, data systems, facilities, etc. Allowable state administration expenses for federal programs range from 1% to 8% of the total grant amounts. ODE indicates that, on average, its administrative expenses are approximately 2% of all federal education grants.

> Approximately 81% of the federal funds that flow through ODE are distributed to local educational programs based on federal formulas.

Targets of Federal Funding

Federal funding mainly targets children from low-income families (in particular Title 1A and school lunch and breakfast) and children with disabilities (in particular IDEA). The effects of this targeting are evident in Table 33, which shows per pupil federal revenue by district type. As can be seen from the table, major urban districts with high levels of poverty (type 5) receive on average $1,828 per pupil in federal revenues, whereas suburban districts with very low levels of poverty (type 7) receive on average $311 per pupil in federal revenues. The percentage

of special education students is not inherently related to district type, although, as can be seen from the table, districts with higher levels of poverty tend to also have higher percentages of special education students, which reinforces the distribution of federal revenues to those districts.

Table 33: Per Pupil Federal Revenue by District Type, FY 2008

District Type	Description	% Special Education Students	% Poverty Students	Federal Revenue Per Pupil
Type 1	Rural/agricultural - high poverty, low median income	15.0%	4.8%	$975
Type 2	Rural/agricultural - small student population, low poverty, low to moderate median income	13.4%	2.1%	$599
Type 3	Rural/small town - moderate to high median income	11.5%	1.6%	$449
Type 4	Urban - low median income, high poverty	15.0%	6.1%	$968
Type 5	Major Urban - very high poverty	16.2%	14.8%	$1,655
Type 6	Urban/Suburban - high median income	12.6%	2.5%	$481
Type 7	Urban/Suburban - very high median income, very low poverty	10.2%	1.0%	$333

Use of Federal Funds

Unlike the bulk of state and local revenues, schools are generally restricted in their use of federal revenues to the specific purpose of the grant. Federal law drives state and school policy in several key areas, especially special education through IDEA and school accountability and teacher quality through NCLB. Most federal revenues are to be used by schools to fulfill federal law in these areas. IDEA grants, for example, are to help pay for the additional costs of providing special education and related services to children with disabilities. These services are largely governed through Individual Education Programs (IEPs) that are developed for all special education students pursuant to federal law. NCLB has become the driving force nationwide behind accountability policy. It requires a single, statewide accountability system to be applied to all public school buildings and districts. NCLB also requires teachers to meet a state-defined standard of being "highly qualified." Federal Title 1A grants as well as Improving Teacher Quality and Reading First grants are to be used by schools to comply with these mandates. Title 1A grants generally are tied to services provided to low-income students.

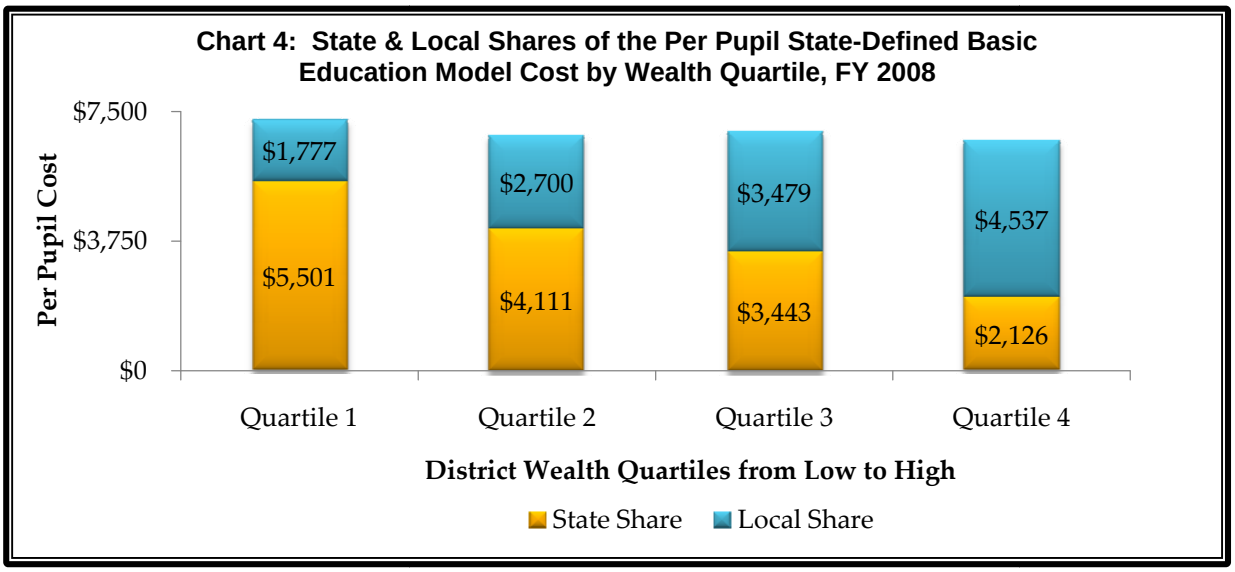
SUMMARY

As stated in the introduction, this analysis of operating funding for public schools in Ohio is meant to assist legislators in understanding the current school funding system. This analysis has discussed the respective roles played by state, local, and federal revenues in funding school operations in Ohio. To help summarize this discussion, two charts (Chart 4 from the introduction and Chart 9 from the state funding for enhancement spending – parity aid section) are reproduced here along with a new chart (Chart 19). Chart 4 shows the state and local shares for the per pupil cost of the state-defined basic education model by wealth-based quartile; Chart 9 shows local and state enhancement revenues per pupil by wealth-based quartile; and Chart 19 shows per pupil revenues from all sources by wealth-based quartile. The four wealth-based quartiles used in all three charts are identical; they order districts from low to high in terms of property value per pupil and then group districts into four groups with roughly the same number of students. Quartile 1 districts have the lowest average property value per pupil; quartile 4 districts have the highest average property value per pupil.

This analysis has divided school district operating spending into three components: (a) state-defined basic education model spending (72.8% in FY 2008), which is funded by a combination of state education aid and a portion of locally raised (mainly property) tax revenue, (b) enhancement spending above the state-defined basic education level (19.0% in FY 2008), which is primarily funded by the other portion of locally raised tax revenue that is not used to fund the state-defined basic education model cost, and (c) federal education spending (8.2% in FY 2008), which is generally targeted to students from low income families and students with disabilities.

The cornerstone of the state-defined basic education model is a uniform base cost per pupil, which represents the state-determined cost of providing a basic education to a "typical" student. The model then adds a series of adjustments to take into account the different challenges school districts face in providing the same state-defined basic education to students with different needs. The model essentially attempts to treat similar students alike and different students differently in order to ensure a similar level of basic education for all students. The current state funding formula guarantees, through a combination of state and local revenues, the full amount of spending determined by the model for every student in the state regardless of the property wealth of the district where the student lives.

Chart 4 demonstrates that the state funding formula has indeed achieved the goal of ensuring a similar state-defined basic education level of funding for all students. As seen from the chart, there is little difference in the total model cost per pupil among the four wealth-based quartiles; quartile 1 districts have on average a slightly higher total cost per pupil amount because their students tend to have higher needs (disadvantaged, special education, and pupil transportation, for example). The chart also shows that the state share of the model cost is the highest (75.6%) for the lowest wealth quartile 1 and that the state share decreases as the wealth level increases. On average the state pays more than 50% of the state-defined basic education model cost (54.9% in FY 2008). The combination of state and local revenue produces a similar

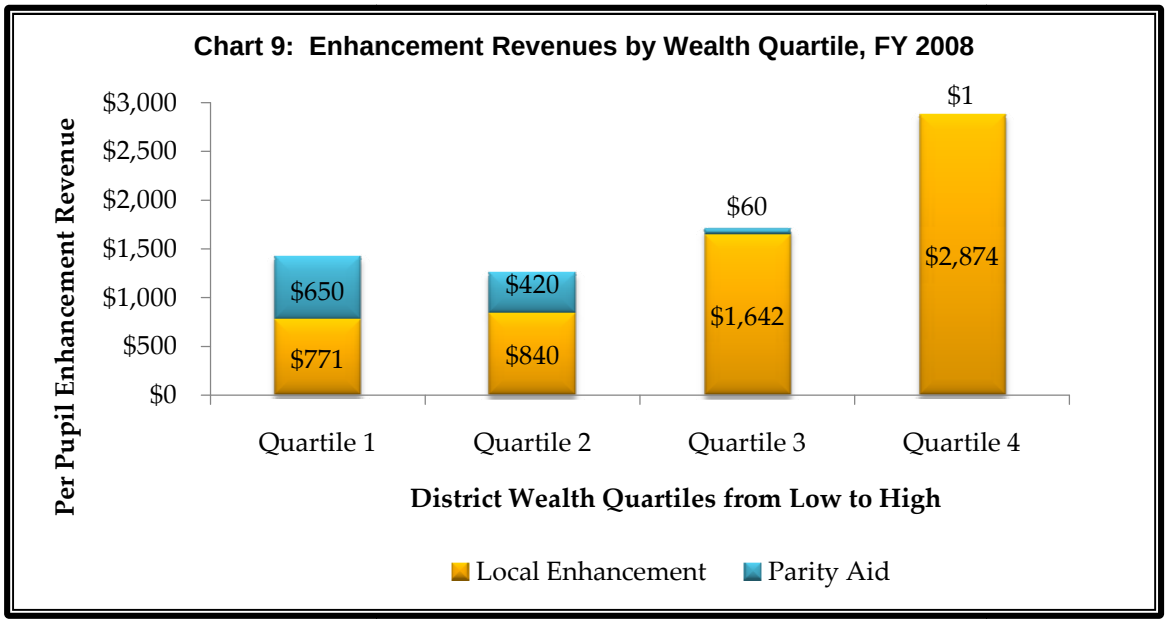


spending level determined by the state-defined basic education model for all students across every school district.

The equalization feature of the distribution formula is independent of the funding level determined by the model used by the state. Once a targeted spending level for the state-defined basic education is determined, the formula will ensure that every district has sufficient state and local revenues to support that level of spending. Whether this targeted spending level is $6,919 statewide as in FY 2008 or, perhaps, $7,600 in FY 2012, the current school funding formula will neutralize the effect of the uneven distribution of property wealth on a school district's ability to provide the state-defined basic education every year. This inherent equalization nature of the formula essentially eliminates the impact of H.B. 920 tax reduction factors on school district spending for the state-defined basic education. There is no disparity or phantom revenue in the state-defined basic education level.

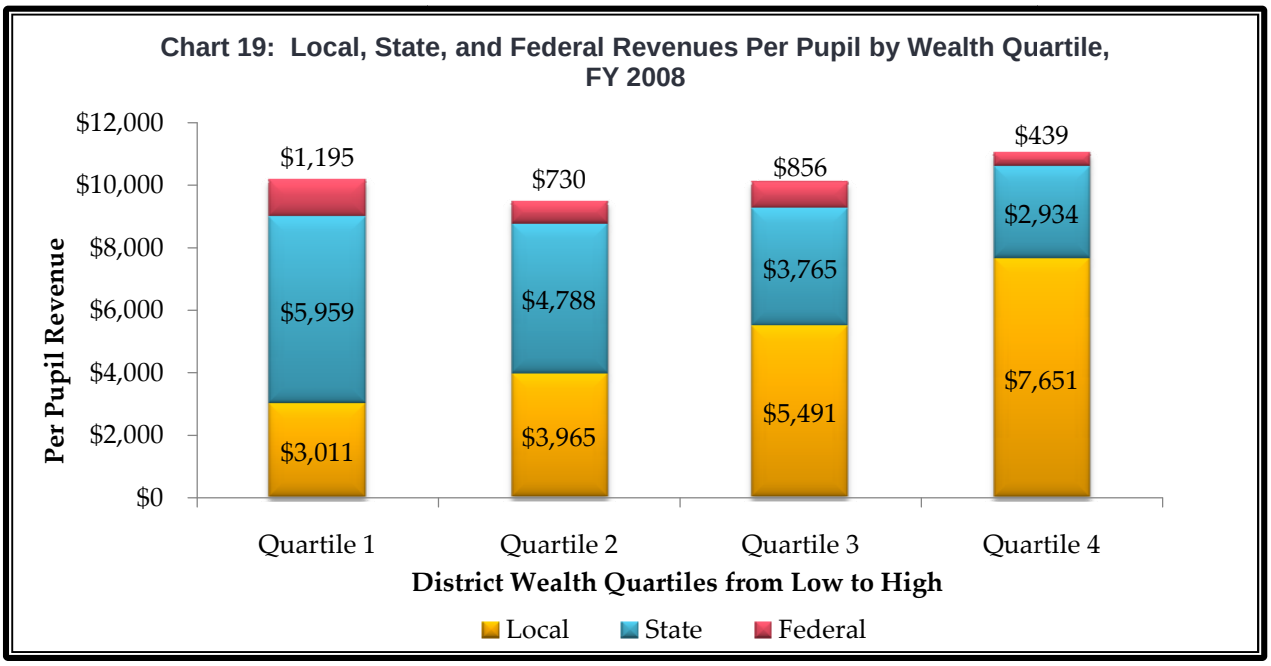
While the formula guarantees revenue for the state-defined basic education for all students, revenue above the state-defined basic education is largely unequalized and is not guaranteed. Since enhancement revenue is largely unequalized, the uneven distribution of property wealth and income wealth affects a school district's ability to raise local revenue to support spending above the state-defined basic education level. The amount of local enhancement revenue per pupil, therefore, varies significantly across school districts. As seen from Chart 9, per pupil local enhancement revenue is clearly related to a district's wealth. The average local enhancement revenue per pupil (the bottom portion of the bar) for quartile 4 districts (the top 20%) is almost four times higher than the average for quartile 1 districts, three times higher than the quartile 2 average, and almost two times higher than the quartile 3 average. While there is no disparity in the state-defined basic education, inequity occurs in the local enhancement spending level. Where a student lives affects the amount of local enhancement revenue available for that student. In FY 2008, local enhancement revenue totals approximately $2.6 billion statewide.

The state attempts to equalize a portion of local enhancement revenue through parity aid. While it is relatively small in comparison with the total amount of local enhancement revenue available, parity aid has substantially leveled the playing field for the bottom 80% (the first three quartiles) of school districts. As seen from Chart 9, when parity aid is included, the average enhancement revenue per pupil for quartile 1 districts is actually slightly higher than that for quartile 2 districts. Parity aid also reduces the difference between quartile 4 and quartile 1 by 50%. However, the top 20% (quartile 4) districts still have significantly higher amounts of enhancement revenues even with parity aid; they support their higher levels of spending by seeking approval of levies from local voters. Since the enhancement revenue is not guaranteed by the formula, H.B. 920 tax reduction factors, which limit revenue growth from existing real property, force school districts to periodically ask for new levies in order to sustain or increase their enhancement revenues. The effect of H.B. 920 tax reduction factors on a school



district's enhancement revenue is also called reappraisal phantom revenue, which is a by-product of the interaction of the current school funding formula and H.B. 920 tax policy.

While it plays a relatively small role in funding schools (8.2% of total school district operating revenue in FY 2008), federal revenue has been growing rapidly in recent years. It helps equalize school district spending since it mainly targets students from low-income families and students with disabilities. Chart 19 shows all revenues per pupil for the same four wealth-based quartiles. As seen from the chart, federal revenue per pupil for quartile 1 districts is twice as high as that for quartile 4 districts. Quartile 1 includes several major urban districts, which tend to receive more federal revenues. As a result, the average total revenue per pupil for quartile 1 is higher than the averages for quartiles 2 and 3, although still $1,000 per pupil lower than the average for quartile 4.



However, it is very important to note that the numbers shown in Chart 19 do not take into account student characteristics and unique challenges facing individual school districts. A district with a higher proportion of students with special needs (special education, career-technical education, or intervention, for example) often needs to incur a higher level of spending in order to provide a similar level of educational services to all of its students. It is challenging to decide the appropriate level of additional funding needed for a student with special needs and for a district with unique challenges. That is perhaps why the school funding debate is an ongoing issue not only in Ohio but also in almost every other state. Since inequity occurs only in the enhancement spending level and since H.B. 920 tax reduction factors also affect only a district's ability to maintain or increase its enhancement spending level, enhancement spending is perhaps one of the areas that should be explored more in the ongoing school funding debate in Ohio.

General Revenue Fund

GRF 200100 Personal Services

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$9,678,768	$10,619,729	$10,965,857	$10,441,153	**$12,153,147**	**$12,153,147**
	9.7%	3.3%	-4.8%	**16.4%**	**0.0%**

Source: GRF

Legal Basis: ORC 3301.13; Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A.

Purpose: This line item provides for payroll and fringe benefits for employees of the Ohio Department of Education (ODE). In addition, funds are used to pay fees for ODE's membership in the Education Commission of the States. Beginning in FY 2010, these funds also provide for travel expenses for members of the State Board of Education; and support Ohio's Partnership for Continued Learning, the Governor's Closing the Achievement Gap, the Office of Urban and Rural Student Success, and the Center for Creativity and Innovation.

GRF 200320 Maintenance and Equipment

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$3,935,861	$4,327,162	$3,249,029	$4,117,959	**$3,495,350**	**$3,495,350**
	9.9%	-24.9%	26.7%	**-15.1%**	**0.0%**

Source: GRF

Legal Basis: ORC 3301.13; Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 282 of the 123rd G.A.)

Purpose: This line item provides funds for maintenance and equipment for ODE. Line items 200-200, Maintenance, and 200-300, Equipment, were collapsed into this line item in FY 2000.

GRF 200408 Early Childhood Education

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$19,016,393	$19,049,845	$26,300,099	$34,726,409	**$34,768,341**	**$34,768,341**
	0.2%	38.1%	32.0%	**0.1%**	**0.0%**

Source: GRF

Legal Basis: Section 269.10.20 of Am. Sub. H.B. 119 of the 127th G.A.

Purpose: This line item provides funds to help finance Early Childhood Education (ECE) programs provided by school districts and educational service centers for children at least age 3 as of the district entry date for kindergarten and not kindergarten age eligible. The programs are directed at those families with an income level at or below 200 percent of the federal poverty level. Families with incomes above 200 percent of the federal poverty level pay fees on a sliding scale to participate in these programs. Each ECE program must align its curriculum to early learning content standards developed by ODE, meet any child or program assessment requirements prescribed by ODE, require teachers to attend at least 20 hours of professional development annually, and document and report child progress as prescribed by ODE.

GRF 200410 Educator Training

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$19,282,518	$17,361,197	$17,480,059	$16,651,758	**$0**	**$0**
	-10.0%	0.7%	-4.7%		

Source: GRF

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 282 of the 123rd G.A.)

Purpose: This line item was used to fund a variety of professional development programs for school teachers and administrators. Funds were used to support National Board teacher certification, entry-year programs for beginning teachers and principals, and other programs.

GRF 200416 Career-Technical Education Match

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$2,224,310	$2,197,730	$2,222,373	$2,233,195	**$2,233,195**	**$2,233,195**
	-1.2%	1.1%	0.5%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: Section 269.10.40 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 191 of the 112th G.A.)

Purpose: This line item supports the Office of Career-Technical and Adult Education, which initiates, reviews, and approves career-technical education programs; maintains standards for these programs; and maintains statistical, fiscal, and descriptive reports required by state and federal authorities. These funds provide vocational administration matching funds required for federal funds for career-technical education, which are deposited in Fund 3690 to support line item 200616, Career-Technical Education Federal Enhancement.

GRF 200420 Computer/Application/Network Development

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$4,170,217	$5,372,361	$5,469,042	$4,930,871	**$5,394,826**	**$5,394,826**
	28.8%	1.8%	-9.8%	**9.4%**	**0.0%**

Source: GRF

Legal Basis: Section 269.10.40 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 282 of the 123rd G.A.)

Purpose: This line item supports development and implementation of information technology solutions designed to improve the performance and customer service of ODE.

GRF 200421 Alternative Education Programs

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$13,344,758	$13,568,896	$14,202,349	$12,228,069	**$10,015,885**	**$10,015,885**
	1.7%	4.7%	-13.9%	**-18.1%**	**0.0%**

Source: GRF

Legal Basis: Section 269.10.50 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 640 of the 123rd G.A.)

Purpose: This line item is primarily used to provide alternative education program grants to urban, rural, and suburban districts. These programs focus on youth who have been expelled or suspended, are at risk of dropping out of school, are habitually truant or disruptive, or are on probation or on parole from a Department of Youth Services facility. Funds are also provided for program administration, technical support, and evaluation.

GRF 200422 School Management Assistance

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$2,593,664	$2,748,203	$2,835,048	$2,837,639	**$20,904,572**	**$22,490,572**
	6.0%	3.2%	0.1%	**636.7%**	**7.6%**

Source: GRF

Legal Basis: ORC 3301.073 and 3316; Section 269.10.60 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. H.B. 1285 of the 112th G.A.)

Purpose: This line item is used for expenses incurred in the Auditor of State's role relating to districts in fiscal caution, fiscal watch, and fiscal emergency, to fiscal assistance and in-service education for school district management personnel, and to administer, monitor, and implement the fiscal caution, fiscal watch, and fiscal emergency provisions under Chapter 3316. of the Revised Code. Funds are also provided to be used by ODE to work with school districts and other educational entities to develop and deploy analytical tools that allow school districts and other stakeholders to more thoroughly analyze school district spending patterns. In FY 2010 and FY 2011, this line item supports performance audits for school districts and community schools on a five-year cycle, with priority given to districts in fiscal distress, and a portion dedicated for audits for joint vocational school districts and educational service centers, and a portion of these funds support the Cleveland Municipal School District Early Adopter Project.

GRF 200424 Policy Analysis

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$542,419	$487,926	$553,530	$504,634	**$1,056,687**	**$1,056,687**
	-10.0%	13.4%	-8.8%	**109.4%**	**0.0%**

Source: GRF

Legal Basis: Section 269.10.70 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 204 of the 113th G.A.)

Purpose: This line item is used to develop and maintain a system of administrative, statistical, and legislative education information to be used for policy analysis. ODE can also use these funds to contract for services that will assist in the provision and analysis of policy-related information. Beginning in FY 2010, a portion of these funds support the Office of School Resource Management within ODE and assist in the development of a fiscal reporting dimension for the school district report card.

GRF 200425 Tech Prep Consortia Support

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$2,054,233	$2,030,486	$1,877,773	$1,767,878	**$1,594,373**	**$1,594,373**
	-1.2%	-7.5%	-5.9%	**-9.8%**	**0.0%**

Source: GRF

Legal Basis: Section 269.10.70 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board in FY 2001 and modified by Am. Sub. H.B. 94 of the 124th G.A.)

Purpose: This line item is used to support state-level activities designed to support, promote, and expand tech prep programs. Activities funded under this line item include administration of grants, program evaluation, professional development, curriculum development, assessment development, program promotion, communications, and statewide coordination of tech prep consortia.

GRF 200426 Ohio Educational Computer Network

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$30,447,712	$29,884,187	$29,522,184	$25,834,891	**$27,411,025**	**$27,411,025**
	-1.9%	-1.2%	-12.5%	**6.1%**	**0.0%**

Source: GRF

Legal Basis: ORC 3301.07; Section 269.10.80 of Am. Sub. H.B. 119 of the 127th G.A.

Purpose: This line item is used to maintain and provide technical assistance for a system of information technology throughout Ohio in support of the State Education Technology Plan. The bulk of funding is used to support connecting public and state-chartered nonpublic schools to the state's education network, to each other, and to the Internet. Funds from this line item are also distributed to information technology centers that provide Education Management Information System (EMIS) and other computer services to member school districts on a regional basis and to school districts to subsidize their costs related to EMIS. This line item also includes funds for the Union Catalog and InfOhio Network, which both began receiving funds from this line item in the FY 2006-FY 2007 biennium.

GRF 200427 Academic Standards

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$9,701,756	$11,215,594	$6,631,605	$6,402,102	**$5,789,861**	**$5,789,861**
	15.6%	-40.9%	-3.5%	**-9.6%**	**0.0%**

Source: GRF

Legal Basis: ORC 3301.079; Section 269.10.90 of Am. Sub. H.B. 119 of the 127th G.A.

Purpose: This line item is used to develop and disseminate academic standards, create curriculum models, and communicate these standards and curriculum models to school districts.

GRF 200431 School Improvement Initiatives

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$19,302,814	$20,685,757	$22,117,158	$18,466,893	**$9,859,997**	**$9,859,997**
	7.2%	6.9%	-16.5%	**-46.6%**	**0.0%**

Source: GRF

Legal Basis: ORC 3302.03 and 3302.04; Section 269.20.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 111 of the 118th G.A.)

Purpose: This line item is used to support the continuous improvement planning initiative that provides technical assistance to academic watch and academic emergency school districts for the development of their continuous improvement plans and to school buildings not meeting the accountability measures established by the federal No Child Left Behind act of 2001. This line item also funds educational media centers to provide public schools with instructional resources and services, with priority given to those aligned with the state's academic content standards.

GRF 200433 Literacy Improvement - Professional Development

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$10,015,502	$17,528,155	$8,887,598	$10,832,393	**$0**	**$0**
	75.0%	-49.3%	21.9%		

Source: GRF

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 94 of the 124th G.A.)

Purpose: This line item was used to fund various professional development programs designed to improve literacy instruction in public schools. The two major programs funded in this line item were: (1) the State Institutes for Reading Instruction that provided intensive, year-round training opportunities for teachers and (2) literacy professional development partnerships between ODE, higher education institutions, literacy networks, and school districts.

GRF 200437 Student Assessment

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$59,230,269	$52,700,972	$77,355,688	$68,751,186	**$71,909,814**	**$71,909,814**
	-11.0%	46.8%	-11.1%	**4.6%**	**0.0%**

Source: GRF

Legal Basis: ORC 3301.0710, 3301.0711, 3301.0712, 3301.0715, and 3301.27; Section 269.20.20 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 111 of the 118th G.A.)

Purpose: This line item is primarily used to develop, field test, print, distribute, score, and report results of Ohio proficiency tests, achievement tests, diagnostic assessments, the Ohio Graduation Test (OGT), and ultimately the high school assessment to be created to replace the OGT beginning in FY 2011. Beginning in FY 2010, a portion of this line item supports a college readiness exam for high school juniors; and preparation, practice examinations, and diagnostics related to a college readiness exam. Also beginning in FY 2010, a portion of this line item may be used to reimburse public school districts for a portion of the costs associated with Advanced Placement testing and programming, and a portion of the costs associated with taking the International Baccalaureate Examination.

GRF 200439 Accountability/Report Cards

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$3,451,843	$7,359,947	$5,961,160	$6,671,859	**$6,828,650**	**$6,828,650**
	113.2%	-19.0%	11.9%	**2.4%**	**0.0%**

Source: GRF

Legal Basis: ORC 3302.03; Section 269.20.30 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 95 of the 125th G.A.)

Purpose: This line item funds the development of an accountability system that includes the preparation and distribution of report cards for school districts, school buildings, and the state. Funds are also provided for the incorporation of a statewide pilot value-added progress dimension into performance ratings for school districts; and for training district and regional specialists in the use of the value-added progress dimension. Funding for the development of an accountability system was previously provided through a set-aside within line item 200-431, School Improvement Initiatives.

GRF 200442 Child Care Licensing

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$879,057	$1,235,498	$1,206,189	$1,109,435	**$1,302,495**	**$1,302,495**
	40.5%	-2.4%	-8.0%	**17.4%**	**0.0%**

Source: GRF

Legal Basis: ORC 3301.52 through 3301.59; Section 269.20.30 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on October 16, 1995)

Purpose: This line item is used by ODE to license and inspect preschool and school-age child care programs.

GRF 200445 OhioReads Volunteer Support

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$3,708,350	$3,904,035	$200	$0	**$0**	**$0**
	5.3%	-100.0%			

Source: GRF

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 1 and modified by Am. Sub. H.B. 282 of the 123rd G.A.)

Purpose: This line item was used to support volunteer coordinators in public school buildings, background checks for volunteers, program evaluation, as well as for the development, implementation, and support of literacy improvement activities and interventions for students in grades K-12.

GRF 200446 Education Management Information System

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$15,563,949	$15,548,432	$15,596,195	$15,188,924	**$15,621,135**	**$15,621,135**
	-0.1%	0.3%	-2.6%	**2.8%**	**0.0%**

Source: GRF

Legal Basis: ORC 3301.0714; Section 269.20.40 of Am. Sub. H.B. 119 of the 127th G.A.

Purpose: This line item supports the collection and reporting of student participation and performance, staff, and financial information data through the Education Management Information System (EMIS). The bulk of the funding from this line item is distributed to school districts, the 23 information technology centers, and other education entities on a per pupil basis to assist them with costs relating to collecting, processing, storing, and transferring data for the effective operation of the EMIS. Funds are also used to develop a common core of data definitions and standards as adopted by the Education Management Information System Advisory Board.

GRF 200447 GED Testing

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$1,828,631	$1,579,680	$1,705,269	$1,382,302	**$1,250,353**	**$1,250,353**
	-13.6%	8.0%	-18.9%	**-9.5%**	**0.0%**

Source: GRF

Legal Basis: ORC 3313.531; Section 269.20.50 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on January 8, 1990)

Purpose: This line item is used to provide General Educational Development (GED) testing at no cost to eligible applicants, reimburse expenses incurred by testing centers, and reimburse costs incurred by school districts and community schools for summer instructional or intervention services.

GRF 200448 Educator Preparation

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$1,235,276	$1,274,668	$1,134,104	$870,889	**$2,030,000**	**$2,030,000**
	3.2%	-11.0%	-23.2%	**133.1%**	**0.0%**

Source: GRF

Legal Basis: Section 269.20.60 of Am. Sub. H.B. 119 of the 127th G.A.

Purpose: This line item is used to support the Educator Standards Board as it develops and recommends standards for educator training and leadership positions, and remaining funds may support alternative preparation programs for school leaders and coordination of a career ladder for teachers. Beginning in FY 2010, a portion of the funds also supports training and professional development of school administrators, school treasurers, and school business officials.

GRF 200452 Teaching Success Commission Initiatives

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$34,057	$0	$0	$0	**$0**	**$0**

Source: GRF

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 95 of the 125th G.A.)

Purpose: This line item was used to fund the Educator Standards Board that is currently funded through GRF appropriation item 200-448, Educator Preparation. Am. Sub. S.B. 1 of the 124th G.A. called for the creation of the Governor's Commission on Teaching Success, which was charged with addressing questions related to teacher recruitment and preparation; teacher induction, support, and retention; professional development; and school leadership. The Commission presented its recommendations to the Governor on February 20, 2003.

GRF 200455 Community Schools

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$1,488,757	$2,043,515	$1,294,728	$1,372,725	**$497,404,384**	**$533,686,539**
	37.3%	-36.6%	6.0%	**36134.8%**	**7.3%**

Source: GRF

Legal Basis: ORC 3314.11; Section 269.20.70 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This line item is used to develop and conduct training sessions for community school sponsors and to provide oversight of and technical assistance to community schools. Beginning in FY 2010, the bulk of this line item provides for direct payments of state formula aid to community schools. Allocations are based on the school foundation formula, and are administered by ODE, with approval of the Controlling Board. The amounts paid to each community school are determined under guidelines contained in Chapter 3306. of the Revised Code. These payments were previously distributed through GRF appropriation item 200550, Foundation Funding, as deductions from the state formula aid calculated for the resident school districts of students attending community schools.

GRF 200457 STEM Initiatives

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$7,030,632	$8,313,729	**$2,000,000**	**$4,500,000**
		N/A	18.3%	**-75.9%**	**125.0%**

Source: GRF

Legal Basis: ORC 3326.01 through 3326.50; Section 269.20.70 of Am. Sub. H.B. 119 of the 127th G.A; (originally established by Am. Sub. H.B. 119 of the 127th G.A.)

Purpose: This line item is used for initiatives that support innovative mathematics and science education and professional development for teachers, including on-site laboratories, job-embedded professional development, and mentoring and coaching.

GRF 200458 Public School Employees Health Care Board

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$0	**$1,128,600**	**$1,128,600**
					0.0%

Source: GRF

Legal Basis: Proposed by the Executive Budget

Purpose: This line item supports staff hired by the School Employees Health Care Board to provide administrative support to the Board as they investigate health care plan best practices, promote cost containment measures, and improve the health status of school district employees and their families. Prior to FY 2010, the Board is funded in the Department of Administrative Services budget.

GRF 200501 Base Cost Funding

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$23,550,182	$0	$0	$0	**$0**	**$0**

Source: GRF

Legal Basis: Discontinued line item (originally established in ORC 3317.022)

Purpose: This line item provided the main source of state foundation payments to all school districts in the state. Allocations were based on the school foundation (SF-3) formulas, and were administered by ODE, with the approval of the Controlling Board. The amounts paid to each eligible district were determined under guidelines contained in ORC 3317.022 and temporary law in the biennial budget bill. In addition to base cost funding for all school children, moneys in this line item were also used for special and career-technical education weighted cost funding, per-pupil payments to educational service centers, the foundation aid guarantee, and various other purposes. Am. Sub. H.B. 66 of the 126th G.A., merged this item into GRF appropriation item 200-550, Foundation Funding.

GRF 200502 Pupil Transportation

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$412,170,713	$420,622,316	$424,762,211	$429,030,948	**$438,222,619**	**$438,222,619**
	2.1%	1.0%	1.0%	**2.1%**	**0.0%**

Source: GRF

Legal Basis: ORC 3317.02, 3317.022, and 3317.024; Section 269.20.80 of Am. Sub. H.B. 119 of the 127th G.A.

Purpose: This line item is used to partially reimburse school districts and county MR/DD boards for the operating costs of transporting public and nonpublic school students to and from school. Funding for transporting special education students is distributed based on rules and formulas adopted by the State Board of Education. These reimbursements are historically based on actual expenditures reported by school districts and county MR/DD boards. Funding for the latter was previously provided in line item 200553, County MR/DD Boards Transportation Operating. Prior to FY 1999, funding for transporting regular students was distributed through a formula that was largely based on a district's per pupil or per mile transportation cost and the appropriation level. From FY 1999 through FY 2005, the bulk of the funding for transporting regular students were distributed based on the analysis of a statistical regression model. The state paid each district a portion of the model cost. In FY 2006 and FY 2007, all districts that received regular transportation funding in the previous year were provided a uniform increase of 2% per year. In FY 2008 and FY 2009, the uniform increase was 1% per year. Beginning in FY 2010, funding for transporting regular students will be allocated through a formula which uses prior year costs and current year ridership to determine funding levels. However, districts allocations will be pro-rated to stay within the appropriation.

GRF 200503 Bus Purchase Allowance

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$14,400,931	$16,109,986	$8,976,862	$12,568,237	**$10,850,000**	**$10,850,000**
	11.9%	-44.3%	40.0%	**-13.7%**	**0.0%**

Source: GRF

Legal Basis: ORC 3317.07; Section 269.20.90 of Am. Sub. H.B. 119 of the 127th G.A.

Purpose: This line item is used to assist school districts, educational service centers, county MR/DD boards, the Ohio State School for the Blind, and the Ohio School for the Deaf in purchasing school buses. Seventy-two percent of the appropriation for this line item is distributed to school districts, on a per pupil basis, to purchase buses used to transport regular students. The remaining 28 percent of the appropriation is earmarked for "handicapped and nonpublic" buses. Am. Sub. H.B. 66 of the 126th G.A. replaced the previous 100 percent reimbursement method for these buses with a per pupil-based distribution formula. Funding for county MR/DD boards' school buses was previously provided in line item 200552, County MR/DD Boards Vehicle Purchases.

GRF 200505 School Lunch Match

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$8,986,466	$8,897,804	$8,721,172	$8,561,013	**$11,798,025**	**$11,798,025**
	-1.0%	-2.0%	-1.8%	**37.8%**	**0.0%**

Source: GRF

Legal Basis: ORC 3313.81 and 3317.024; Section 269.20.90 of Am. Sub. H.B. 119 of the 127th G.A.

Purpose: This line item is used to match federal funds deposited in Fund 3L60 line item 200617, Federal School Lunch. School districts use these funds for food service operations in an effort to lower the cost of lunches provided to students. A portion of this line item may also be used to partially reimburse school buildings within school districts that are required to have a school breakfast program.

GRF 200509 Adult Literacy Education

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$8,437,205	$8,679,969	$8,438,881	$8,243,654	**$0**	**$0**
	2.9%	-2.8%	-2.3%		

Source: GRF

Legal Basis: Discontinued line item

Purpose: This line item supported adult basic and literacy education programs (ABLE). These programs provide free instruction in basic literacy, workplace literacy, family literacy, English for speakers of other languages, and GED preparation. In addition, the funds supported the State Literacy Resource Center that provided support in the areas of professional development, curriculum development, technology, and data collection and reporting. The ABLE programs were also supported through federal funds deposited in Fund 3660, line-item 200604, Adult Basic Education. As directed by Am. Sub. H.B. 119 of the 127th G.A., funding for adult education has been moved to the budget of the Ohio Board of Regents.

GRF 200511 Auxiliary Services

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$127,733,752	$127,531,874	$131,763,597	$129,247,268	**$131,740,457**	**$131,740,457**
	-0.2%	3.3%	-1.9%	**1.9%**	**0.0%**

Source: GRF

Legal Basis: ORC 3317.024 and 3317.06; Section 269.30.20 of Am. Sub. H.B. 119 of the 127th G.A.

Purpose: This line item provides assistance to chartered nonpublic elementary and secondary schools. These moneys may be used for purposes including the purchase of secular textbooks, health services, programs for the handicapped, and transportation to services offered off-site. Moneys may not be expended for any religious activities. Funds are distributed to school districts on a nonpublic per pupil basis to provide eligible services to chartered nonpublic school students. Funds are also set aside for payment of the Post-Secondary Enrollment Option Program for nonpublic students.

GRF 200513 Student Intervention Services

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$7,377,644	$0	$0	$0	**$0**	**$0**

Source: GRF

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 282 of the 123rd G.A.)

Purpose: This line item provided funds to school districts for providing state-mandated student intervention services. Moneys were targeted to provide more time for learning, including extended day, extended year, after school, Saturday school, and summer school. This line item also included earmarked funds distributed to school districts in academic emergency to provide intervention services to 9th graders in FY 2004 and to 9th and 10th graders in FY 2005. In FY 2002 and FY 2003, expenditures were funded through TANF-eligible reimbursements. Under Am. Sub. H.B. 66 of the 126th G.A., basic intervention services are funded in GRF line item 200-550, Foundation Funding.

GRF 200514 Postsecondary Adult Career-Technical Education

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$19,608,189	$19,501,218	$17,854,650	$15,740,360	**$0**	**$0**
	-0.5%	-8.4%	-11.8%		

Source: GRF

Legal Basis: Discontinued line item

Purpose: This line item mainly provided funds for full-time and part-time adult career-technical training programs provided by school districts, joint vocational school districts, and other educational institutions, and for adult workforce education centers that served out-of-school youth and adults. As directed by Am. Sub. H.B. 119 of the 127th G.A., funding for adult education programs was moved to the budget of the Ohio Board of Regents.

GRF 200520 Disadvantaged Pupil Impact Aid

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$818,730	$0	$0	$0	**$0**	**$0**

Source: GRF

Legal Basis: Discontinued line item (originally established in ORC 3317.029)

Purpose: This line item was used to provide funds to school districts that incurred higher educational costs due to a higher concentration of economically disadvantaged students. Am. Sub. H.B. 66 of the 126th G.A. established new poverty-based assistance to replace DPIA. Funding for poverty-based assistance is contained in GRF appropriation item 200-550, Foundation Funding.

GRF 200521 Gifted Pupil Program

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$47,239,110	$47,305,135	$46,923,339	$48,008,613	**$0**	**$0**
	0.1%	-0.8%	2.3%		

Source: GRF

Legal Basis: Discontinued line item

Purpose: This line item was used to assist school districts in establishing and maintaining programs for gifted and talented pupils. Gifted students are defined as superior in cognitive ability, specific academic ability, creative thinking ability, and visual/performing arts ability. Moneys had been allocated for this program since FY 1975. Funds were distributed to school districts and educational service centers through a unit formula prescribed by law. This line item also included a supplement for gifted identification and an earmark for the Summer Honors Institute, including the Martin Essex Program. Beginning in FY 2010, gifted education will be funded as a component of the school funding formula in GRF appropriation item 200550, Foundation Funding.

GRF 200532 Nonpublic Administrative Cost Reimbursement

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$56,716,592	$56,377,950	$59,787,682	$58,678,602	**$59,810,517**	**$59,810,517**
	-0.6%	6.0%	-1.9%	**1.9%**	**0.0%**

Source: GRF

Legal Basis: ORC 3317.063; Section 269.30.30 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 694 of the 114th G.A.)

Purpose: This line item is used to reimburse chartered nonpublic schools for the mandated administrative and clerical costs they incurred during the preceding year. Mandated activities include the preparation, filing, and maintenance of forms, reports, or records related to state chartering or approval of the school, pupil attendance, transportation of pupils, teacher certification and licensure, and other education-related data. Beginning in FY 2008, the maximum reimbursement rate is the lesser of the actual cost or $300 per pupil.

GRF 200536 Ohio Core Support

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$15,881,589	$20,368,588	$12,392,222	**$0**	**$0**
	N/A	28.3%	-39.2%		

Source: GRF

Legal Basis: Discontinued line item (originally established by Sub. H.B. 115 of the 126th G.A. and modified by Am. Sub. S.B. 311 of the 126th G.A.)

Purpose: This line item funded various initiatives that supported the purposes of the Ohio Core curriculum for high school students, which was established by Am. Sub. S.B. 311 of the 126th G.A. (the appropriation item was established under Am. Sub. H.B. 115 of the 126th G.A.). Major initiatives funded under this line item included the development and participation of alternative teacher licensure programs that supported teacher licensure in a laboratory-based science, advanced mathematics and foreign language; contractual services provided by institutions of higher education in mathematics, science, or foreign language for dual credit for high school students; and supplemental post-secondary enrollment option participation grants to school districts which began in FY 2009. Beginning in FY 2010, funding for alternative licensure is provided in GRF appropriation item 200555, Teach Ohio.

GRF 200540 Special Education Enhancements

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$129,035,206	$131,414,829	$135,221,043	$140,006,839	**$135,436,252**	**$138,009,540**
	1.8%	2.9%	3.5%	**-3.3%**	**1.9%**

Source: GRF

Legal Basis: ORC 3317.20, 3317.201, 3317.052, and 3317.05; Section 269.30.50 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 650 of the 122nd G.A.)

Purpose: This line item is primarily used to fund special education and related services at county MR/DD boards and state institutions for school-aged students and to fund preschool special education and related services at school districts, educational service centers, and county MR/DD boards. For FY 2010 and FY 2011, per pupil funding for county MR/DD boards' school-aged children and special education students at state institutions is determined by inflating the per pupil amount received in the prior year by 1.9 percent; previously, funding was distributed through the same weighted funding formula used to fund special education students in school districts. Prior to Am. Sub. H.B. 66 of the 126th G.A., funding for institutions was distributed based on a unit funding formula. Funding for preschool special education is distributed through a unit funding formula, which is based on the minimum number of students per class, teacher degree, and teacher experience. This line item also provides earmarked funds reimbursing districts for half the cost of providing home instruction to students with severe health and behavioral disabilities.

GRF 200541 Special Education - Federal Stimulus

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$0	**$224,806,500**	**$224,806,500**
					0.0%

Source: GRF

Legal Basis: Proposed by the Executive Budget

Purpose: This line item is expected to receive funding from the federal stimulus in FY 2010 and FY 2011. This line item, combined with 200550, Foundation Funding; 200551, Foundation Funding - Federal Stimulus; and 200609, Poverty Funding - Federal Stimulus, serves as the source of state foundation payments to all school districts in the state. Allocations are based on the school foundation formulas, and are administered by ODE, with the approval of the Controlling Board. The amounts paid to each eligible district are determined under guidelines contained in Chapter 3306 of the Revised Code and temporary law in the biennial budget bill.

GRF 200545 Career-Technical Education Enhancements

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$10,276,506	$8,582,080	$9,428,283	$9,373,926	**$7,752,662**	**$7,802,699**
	-16.5%	9.9%	-0.6%	**-17.3%**	**0.6%**

Source: GRF

Legal Basis: Section 269.30.60 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 650 of the 122nd G.A.)

Purpose: This line item is used to fund career-technical education at institutions. Prior to FY 2010, career-technical education at institutions was funded in units. Beginning in FY 2010, ODE is to distribute funds on a grant basis. This line item also funds other programs and initiatives related to career-technical education, such as High Schools that Work and tech prep consortia.

GRF 200550 Foundation Funding

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$5,500,523,243	$5,619,372,878	$5,628,394,728	$6,029,943,246	**$4,888,191,136**	**$4,851,912,026**
	2.2%	0.2%	7.1%	**-18.9%**	**-0.7%**

Source: GRF

Legal Basis: ORC 3317; Sections 269.30.70, 269.30.80, and 269.30.90 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 66 of the 126th G.A.)

Purpose: This line item, combined with 200541, Special Education - Federal Stimulus; 200551, Foundation Funding - Federal Stimulus; and 200609, Poverty Funding - Federal Stimulus, is the main source of state foundation payments to all school districts in the state. Allocations are based on the school foundation formulas, and are administered by ODE, with the approval of the Controlling Board. Beginning in FY 2010, the amounts paid to each eligible district are determined under guidelines contained in Chapter 3306. of the Revised Code and temporary law in the biennial budget bill. Prior to FY 2010, the amounts were determined under Chapter 3317. of the Revised Code. In addition to the adequacy amount for all school districts, moneys in this line item are used for transitional aid, catastrophic special education, funding joint vocational school districts at a 1.9 percent increase over that received in the prior year, and educational service centers funded at 90 percent of their FY 2009 level, and various other purposes. Prior to FY 2010, the line item supported base cost funding, base cost funding supplements, parity aid, poverty-based assistance, the charge-off supplement, special and career-technical education weighted cost funding, the excess cost supplement, and transitional aid. The base cost guarantee and the cost of doing business factor were both eliminated in FY 2008. Am. Sub. H.B. 66 of the 126th G.A. combined former GRF appropriation items 200-501, Base Cost Funding; 200-520, Disadvantaged Pupil Impact Aid; 200-525, Parity Aid; and 200-546, Charge-Off Supplement, into this item.

GRF 200551 Foundation Funding - Federal Stimulus

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$0	**$277,583,913**	**$532,449,362**
					91.8%

Source: GRF

Legal Basis: Proposed by the Executive Budget

Purpose: This line item is expected to receive funding from the federal stimulus in FY 2010 and FY 2011. This line item, combined with 200541, Special Education - Federal Stimulus; 200550, Foundation Funding; 200551, and 200609, Poverty Funding - Federal Stimulus, serves as the source of state foundation payments to all school districts in the state. Allocations are based on the school foundation formulas, and are administered by ODE, with the approval of the Controlling Board. The amounts paid to each eligible district are determined under guidelines contained in Chapter 3306 of the Revised Code and temporary law in the biennial budget bill.

GRF 200552 County MR/DD Boards Vehicle Purchases

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$473,500	$52,500	$0	$0	**$0**	**$0**
	-88.9%				

Source: GRF

Legal Basis: Discontinued line item (originally established in ORC 3317.07)

Purpose: This line item was used to provide financial assistance to county MR/DD boards for the purchase of buses used to transport children in special education programs. Funding for county MR/DD boards school bus purchases is now provided in GRF appropriation item 200-503, Bus Purchase Allowance.

GRF 200555 Teach Ohio

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$0	**$6,100,000**	**$6,100,000**
					0.0%

Source: GRF

Legal Basis: Proposed by the Executive Budget

Purpose: This line item supports alternative teacher licensure programs to support teacher licensure in laboratory-based science, advanced level mathematics, foreign language at the secondary education level, and employment in designated hard-to-staff schools. A portion of this line item also funds a program established to encourage high school students interested in entering the teaching profession.

GRF 200558 Emergency Loan Interest Subsidy

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$1,265,594	$651,401	$0	$0	**$0**	**$0**
	-48.5%				

Source: GRF

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 650 of the 122nd G.A.)

Purpose: This line item was used to provide a subsidy to every district that paid interest on a preexisting state-backed emergency school loan in excess of two percent simple interest. Sub. H.B. 412 of the 122nd G.A. prohibited the state from approving loans under the preexisting emergency school loan law after March 1, 1998. The state's preexisting emergency school loan law was among those held unconstitutional in the DeRolph decision. All preexisting emergency loans were paid off after FY 2007.

GRF 200566 Literacy Improvement - Classroom Grants

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$12,345,523	$11,221,225	$8,139,406	$10,305,709	**$0**	**$0**
	-9.1%	-27.5%	26.6%		

Source: GRF

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 1 and modified by Am. Sub. H.B. 282 of the 123rd G.A.)

Purpose: This line item was used by ODE to provide grants to school districts, community schools, and educational service centers. These grants were used to support volunteer reading improvement efforts in public schools and were intended to close achievement gaps and improve reading outcomes in low-performing schools.

GRF 200578 Violence Prevention and School Safety

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$1,060,932	$1,241,196	$876,749	$1,127,251	**$1,384,924**	**$1,384,924**
	17.0%	-29.4%	28.6%	**22.9%**	**0.0%**

Source: GRF

Legal Basis: Section 269.40.10 of Am. Sub. H.B. 119 of the 127th G.A.

Purpose: This line item is used to help ensure safe and supportive educational environments for students. The majority of the funds are distributed based on guidelines developed by ODE to enhance school safety. The guidelines are required to include a list of research-based best practices and programs from which local districts may choose based on local needs.

GRF 200609 Poverty Funding - Federal Stimulus

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$0	**$236,199,000**	**$236,199,000**
					0.0%

Source: GRF

Legal Basis: Proposed by the Executive Budget

Purpose: This line item is expected to receive funding from the federal stimulus in FY 2010 and FY 2011. This line item, combined with 200541, Special Education - Federal Stimulus, 200550, Foundation Funding; and 200551, Foundation Funding - Federal Stimulus, serves as the source of state foundation payments to all school districts in the state. Allocations are based on the school foundation formulas, and are administered by ODE, with the approval of the Controlling Board. The amounts paid to each eligible district are determined under guidelines contained in Chapter 3306 of the Revised Code and temporary law in the biennial budget bill.

GRF 200901 Property Tax Allocation - Education

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$796,169,148	$742,483,779	$858,073,763	$850,868,654	**$1,008,262,363**	**$1,020,655,157**
	-6.7%	15.6%	-0.8%	**18.5%**	**1.2%**

Source: GRF

Legal Basis: ORC 319.301 and 323.151 through 323.157; Section 269.40.20 of Am. Sub. H.B. 119 of the 127th G.A.

Purpose: This line item is used to reimburse school districts for losses incurred as a result of the 10 percent and 2.5 percent “rollback” reductions in real property taxes and as a result of the “homestead exemption” reduction in real property taxes. Beginning in FY 2010, this line item may also reimburse school districts for tax revenue lost from class 2 real property and public utility tangible personal property as a result of passing a conversion levy.

GRF 200906 Tangible Tax Exemption-Education

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$43,270,947	$27,044,342	$21,635,474	$10,707,622	**$0**	**$0**
	-37.5%	-20.0%	-50.5%		

Source: GRF

Legal Basis: Discontinued line item (transferred from the Auditor of State by Controlling Board action in FY 1986)

Purpose: This line item reimbursed school districts for losses incurred by the creation of the $10,000 tangible property tax exemption (the "small business" exemption) for both incorporated and unincorporated businesses. Am. Sub. H.B. 215 of the 122nd G.A. transferred authority of the program from the Department of Taxation to ODE. Am. Sub. H.B. 95 of the 125th G.A. began to phase out the state's reimbursements of the cost of this exemption over a 10-year period beginning in FY 2004. Am. Sub. H.B. 66 of the 126th G.A. accelerated this phase-out; the reimbursement was completely eliminated by FY 2010.

GRF 221100 Personal Services - OSD

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$0	**$8,713,704**	**$8,713,704**
					0.0%

Source: GRF

Legal Basis: ORC 3325; Section 389.10 of Am. Sub. H.B. 119 of the 127th G.A.

Purpose: This line item was transferred from the Ohio School for the Deaf. This line item funds payroll and fringe benefits for staff of the School.

GRF 221200 Maintenance - OSD

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$0	**$905,035**	**$905,035**
					0.0%

Source: GRF

Legal Basis: ORC 3325; Section 389.10 of Am. Sub. H.B. 119 of the 127th G.A.

Purpose: This line item was transferred from the Ohio School for the Deaf. This line item provides funds for the maintenance costs of the School.

GRF 221300 Equipment -OSD

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$0	**$78,650**	**$78,650**
					0.0%

Source: GRF

Legal Basis: ORC 3325; Section 389.10 of Am. Sub. H.B. 119 of the 127th G.A.

Purpose: This line item was transferred from the Ohio School for the Deaf. This line item provides funds for equipment for the School. Funds are used to purchase office equipment, to replace vehicles, and to purchase food for the cafeteria program.

GRF 226100 Personal Services - OSB

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$0	**$7,326,155**	**$7,326,155**
					0.0%

Source: GRF

Legal Basis: ORC 3325; Section 387.10 of Am. Sub. H.B. 119 of the 127th G.A.

Purpose: This line item was transferred from the Ohio State School for the Blind. This line item supports staff payroll and fringe benefits for the School.

GRF 226200 Maintenance - OSB

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$0	**$688,363**	**$688,363**
					0.0%

Source: GRF

Legal Basis: ORC 3325; Section 387.10 of Am. Sub. H.B. 119 of the 127th G.A.

Purpose: This line item was transferred from the Ohio State School for the Blind. This line item funds facilities and grounds maintenance at the School.

GRF 226300 Equipment - OSB

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$0	**$72,783**	**$72,783**
					0.0%

Source: GRF

Legal Basis: ORC 3325; Section 387.10 of Am. Sub. H.B. 119 of the 127th G.A.

Purpose: This line item was transferred from the Ohio State School for the Blind. This line item funds equipment purchases for the School.

General Services Fund Group

1380 200606 Computer Services - Operational Support

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$5,344,347	$6,138,590	$6,014,921	$7,600,091	**$7,600,091**	**$7,600,091**
	14.9%	-2.0%	26.4%	**0.0%**	**0.0%**

Source: GSF: Proceeds from the sale of technology services

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on July 20, 1961)

Purpose: This line item receives the proceeds from the sale of computer services to various offices in ODE and the sale of education directories and labels. The moneys are used to collect, process, and disseminate statistical information concerning schools, and to provide data-processing services to offices within ODE. Funds in this line item are also used to furnish statistical data about Ohio schools to various organizations, including government agencies.

4520 200638 Miscellaneous Educational Services

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$216,526	$175,125	$122,830	$279,992	**$275,000**	**$275,000**
	-19.1%	-29.9%	128.0%	**-1.8%**	**0.0%**

Source: GSF: Registration fees for conferences sponsored by ODE; sale of publications; gifts and bequests

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on April 13, 1972)

Purpose: This line item receives the registration fees paid by those participating in conferences sponsored by ODE, and gifts or bequests made for specific purposes, such as environmental, consumer, and nutrition education. Moneys are used for materials and facilities for conferences and for the purposes specified by gifts and bequests. It also receives funds from the purchase of publications and other miscellaneous items.

4D10 200602 Ohio Prevention/Education Resource Center

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$1,464,919	$191,108	$832,000	**$0**	**$0**
	N/A	-87.0%	335.4%		

Source: GSF: Transfer from the Ohio Department of Alcohol and Drug Addiction Services (ODADAS)

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on September 21, 1992)

Purpose: This line item receives funds from ODADAS that are passed through ODE to operate the Ohio Resource Network for Safe and Drug Free Schools and Communities (ORN), located at the University of Cincinnati. The center is the state clearinghouse for information, materials, and training about tobacco, alcohol, and other drugs, and violence prevention. The ORN also is supported through GRF appropriation item 200578, Violence Prevention and School Safety. The line item is not expected to be funded in the FY 2010 - FY 2011 biennium.

4H80 226602 Education Reform Grants - OSB

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$0	**$61,000**	**$61,000**
					0.0%

Source: GSF: eTech Ohio grants; Parent Mentor grant; Venture Capital

Legal Basis: Section 387.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on May 29, 1996)

Purpose: This line item was transferred from the Ohio State School for the Blind. This line item receives state grants for school improvement in areas such as technology, parent support groups, school maintenance, and equipment.

4L20 200681 Teacher Certification and Licensure

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$6,206,888	$6,574,157	$5,378,295	$6,323,994	**$6,323,994**	**$6,323,994**
	5.9%	-18.2%	17.6%	**0.0%**	**0.0%**

Source: GSF: Sale of certificates and licenses

Legal Basis: Section 269.40.30 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item receives the funds generated from fees, set by the State Board of Education, charged to teachers for their teaching certificates and licenses. On March 1, 2008, the fee increased to $40 per year of credentialed validity. The funds are used to cover the costs of processing licensure applications, technical assistance related to licensure, and the administration of the teacher disciplinary process.

4M10 221602 Education Reform Grants - OSD

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$0	**$76,000**	**$76,000**
					0.0%

Source: GSF: eTech Ohio grants; Parent Mentor grant; NASA Space Camp Grant

Legal Basis: Section 389.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on July 1, 1996)

Purpose: This line item was transferred from the Ohio School for the Deaf. This line item receives state grants for school improvement in areas such as technology equity, parent mentor, and educational space programs.

5960 200656 Ohio Career Information System

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$423,879	$251,115	$186,240	$529,761	**$529,761**	**$529,761**
	-40.8%	-25.8%	184.5%	**0.0%**	**0.0%**

Source: GSF: Service fees

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 238 of the 116th G.A.)

Purpose: This line item provides funding for a computer-based career information system, which contains national and state information on occupations, education, and financial aid for use by students, counselors, and the public. Educational institutions, libraries, agencies and others pay for their use of the system on a fee-for-service basis, with all fee revenues deposited in Fund 5960. The license fee per site is currently $325.

5H30 200687 School District Solvency Assistance

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$41,000	$16,937,000	$10,380,000	$18,000,000	**$18,000,000**	**$18,000,000**
	41209.8%	-38.7%	73.4%	**0.0%**	**0.0%**

Source: GSF: FY 1998 GRF ending balance transfer and loan repayments

Legal Basis: ORC 3316.20; Section 269.40.30 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 650 of the 122nd G.A.)

Purpose: This line item supports two accounts: (1) the shared resource account, which is used to make interest-free advances to districts to enable them to remain solvent and to pay unforeseen expenses of a temporary or emergency nature; and (2) the catastrophic expenditures account, which is used to make grants to districts for unforeseen catastrophic events. Advances made to districts from the shared resource account must be repaid no later than the end of the second year following the fiscal year in which the advance was made. Grants from the catastrophic expenditures account do not need to be repaid, unless reimbursed by a third party. Sub. H.B. 412 of the 122nd G.A. prohibited the state from approving loans under the preexisting emergency school loan law after March 1, 1998 and created the School Solvency Assistance Fund (Fund 5H30). The state's preexisting emergency school loan law was among those held unconstitutional in the DeRolph decision. Am. Sub. H.B. 650 of the 122nd G.A. originally appropriated $30 million from FY 1998 surplus GRF revenue to Fund 5H30 in FY 1999.

Federal Special Revenue Fund Group

3090 200601 Educationally Disadvantaged Programs

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$17,427,258	$17,193,802	$7,113,727	$8,750,000	**$8,405,512**	**$8,405,512**
	-1.3%	-58.6%	23.0%	**-3.9%**	**0.0%**

Source: FED: CFDA 84.011, Migrant Education; CFDA 84.013, Title I Program for Neglected & Delinquent Children; CFDA 84.196, Education for Homeless Children & Youth; CFDA 84.332, Comprehensive School Reform; CFDA 84.348, Title I Accountability Grants

Legal Basis: Section 269.10 of Am. Sub. H.B.119 of the 127th G.A. (originally established by Controlling Board on March 28, 1966)

Purpose: This line item contains grants made under Title I of the Elementary and Secondary Education Act. These moneys are used primarily to support programs serving large numbers of disadvantaged students. These programs include comprehensive school reform, supporting reforms that are based on reliable research and effective practice and that will improve the academic achievement of children in participating schools; migrant education, ensuring migrant children are provided with appropriate educational services; homeless children, ensuring access to a free, appropriate education for homeless children and youth; and state and local neglected and delinquent child support, supporting state and local institutions that serve neglected and delinquent children.

3100 226626 Coordinating Unit - OSB

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$0	**$2,527,105**	**$2,527,105**
					0.0%

Source: FED: CFDA 10.553, School Breakfast Program; CFDA 10.555, School Lunch Program; CFDA 84.027, Title VI-B Handicapped; CFDA 84.151, Drug Free Schools and Community; Special Education, State Grants (Chapter I, Education Block Grants, and Vocational Education)

Legal Basis: Section 387.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on September 22, 1956)

Purpose: This line item was transferred from the Ohio State School for the Blind. This line item contains moneys intended to support teachers' salaries, technology, child nutrition, mobility training, and other activities in the School's standard visually impaired, developmentally handicapped, and multi-handicapped education programs. Approximately 87% of this line item's appropriation supports staff payroll.

3110 221625 Coordinating Unit - OSD

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$0	**$2,460,135**	**$2,460,135**
					0.0%

Source: FED: CFDA 10.553, School Breakfast Program; CFDA 10.555, School Lunch Program; CFDA 84.027, Title VI-B Handicapped; CFDA 84.151, Drug Free Schools and Community; Special Education, State Grants (Chapter I, Education Block Grants, Vocational Education, and Media Captioned Films)

Legal Basis: Section 389.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on September 22, 1956)

Purpose: This line item was transferred from the Ohio School for the Deaf. This line item contains federal moneys intended for use in the standard hearing-impaired education and outreach programs. Funds may be used to support teachers' salaries, technology, interactive video distance learning equipment, child nutrition, and other activities.

3660 200604 Adult Basic Education

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$19,422,071	$17,656,390	$17,718,504	$20,396,250	**$0**	**$0**
	-9.1%	0.4%	15.1%		

Source: FED: CFDA 84.002, Adult Education/State Grant Programs; Adult Education and Family Literacy Act, Title II of Public Law 105-220, the Workforce Investment Act of 1998

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A.

Purpose: This line item funded local Adult Basic and Literacy Education (ABLE) programs, including workplace literacy services, family literacy services, and English literacy and civics education programs. Participants of these programs are primarily adults and out-of-school youths aged 16 and older. Funding for adult education programs was transferred to the Board of Regents by Am. Sub. H.B. 119 of the 127th G.A.

3670 200607 School Food Services

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$11,327,403	$12,683,836	$4,773,354	$6,088,737	**$6,088,737**	**$6,088,738**
	12.0%	-62.4%	27.6%	**0.0%**	**0.0%**

Source: FED: CFDA 10.556, Special Milk Program for Children; CFDA 10.559, Summer Food Service Program for Children; CFDA 10.560, State Administration Expenses for Child Nutrition; CFDA 10.574, Team Nutrition Grants

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on October 27, 1967)

Purpose: This line item supports special milk programs, which provide free milk to qualifying children when school lunch and school breakfast programs are not available; summer food programs, which provide meals to children during the summer months when schools are not in session; team nutrition grants, which encourage nutritious school meals, nutrition education for children, and healthy school and community environments; and the state administration of child nutrition programs.

3680 200614 Veterans' Training

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$473,220	$501,101	$575,736	$745,892	**$745,892**	**$745,892**
	5.9%	14.9%	29.6%	**0.0%**	**0.0%**

Source: FED: CFDA 64.124, All-Volunteer Force Educational Assistance

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on August 18, 1965)

Purpose: This line item contains funds reimbursed to the state by the Department of Veterans Affairs and used for the supervision and approval of schools, apprenticeships, and on-the-job training programs offering vocational, educational, and professional services to veterans and their eligible dependents.

3690 200616 Career-Technical Education Federal Enhancement

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$5,138,035	$4,416,591	$4,256,622	$5,000,000	**$5,000,000**	**$4,990,960**
	-14.0%	-3.6%	17.5%	**0.0%**	**-0.2%**

Source: FED: CFDA 84.243, Tech-Prep Education; CFDA 84.346, Vocational Education - Occupational and Employment Information; CFDA 84.923, Appalachian Regional Commission

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on September 23, 1964)

Purpose: This line item provides funds to the Career Resource Network to develop and disseminate career information, the Appalachian Regional Commission, which promotes workforce training and community service participation, and the Tech Prep program, which supports consortia of school districts and post-secondary institutions to develop and operate programs that lead to a two-year associate's degree or a two-year certificate in a specific career field in addition to a high school diploma.

3700 200624 Education of Exceptional Children

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$2,531,091	$2,741,784	$3,223,785	$2,912,389	**$2,664,000**	**$2,755,000**
	8.3%	17.6%	-9.7%	**-8.5%**	**3.4%**

Source: FED: CFDA 84.323, Special Education-State Personnel Development; CFDA 84.330, Advanced Placement Program; CFDA 84.206, Javits Gifted and Talented Students Program

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on May 9, 1968)

Purpose: This line item is used to reform and improve systems for providing education, early intervention, and transitional services for exceptional children. These funds are also used to increase the participation of low-income students in both pre-advanced placement and advanced placement courses and tests.

3710 200631 Immigrant Education Opportunities

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$150,600	$0	$0	$0	**$0**	**$0**

Source: FED: CFDA 93.576, Refugee and Entrant Assistance Discretionary Grants

Legal Basis: Discontinued line item (originally established by Controlling Board on August 24, 1971)

Purpose: This line item provided funds to school districts with significant numbers of refugee students to supplement instructional services, to provide training for staff working with refugee students, and to support parental involvement programs.

3740 200647 Troops to Teachers

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$729,412	$395,519	$64,989	$100,000	**$100,000**	**$100,000**
	-45.8%	-83.6%	53.9%	**0.0%**	**0.0%**

Source: FED: CFDA 84.215, Fund for the Improvement of Education

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board in FY 1976)

Purpose: This line item is used to recruit eligible military personnel into the teaching profession.

3780 200660 Learn and Serve

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$1,156,939	$895,284	$590,893	$1,561,954	**$619,211**	**$619,211**
	-22.6%	-34.0%	164.3%	**-60.4%**	**0.0%**

Source: FED: CFDA 94.004, Learn and Serve America

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on July 29, 1985)

Purpose: This line item funds programs that combine classroom instruction and community service for at-risk youth. Grants are awarded to local education agencies that engage K-12 students in opportunities to help communities address education, public safety, human, and environmental needs. Previously, Eisenhower Professional Development Funds were also part of this line item until the grant was discontinued by the No Child Left Behind Act. Federal funding for Professional Development is now provided by line item 200635, Improving Teacher Quality (Fund 3Y60).

3AD0 221604 VREAL Ohio

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$0	**$25,000**	**$25,000**
					0.0%

Source: FED: CFDA 84.324E, Special Education: Research and Innovation to Improve Services and Results for Children with Disabilities

Legal Basis: Section 389.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on July 11, 2003)

Purpose: This line item was transferred from the Ohio School for the Deaf. This line item contains federal moneys intended for VREAL OHIO (Virtual Reality Education for Assisted Learning), a technology-based virtual reality educational enhancement and remediation program for deaf and hearing-impaired children. Currently, the School and nine other districts throughout the state participate in the program due to their high concentrations of deaf and hearing-impaired children. Federal money for the program provides stipends to teachers from the ten VREAL districts and funds software development, technical support, and evaluation for the program.

3AF0 200603 Schools Medicaid Administrative Claims

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$158,138	$121,448	$406,992	$639,000	**$639,000**	**$639,000**
	-23.2%	235.1%	57.0%	**0.0%**	**0.0%**

Source: FED: CFDA 93.778, Medical Assistance Program

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on September 22, 2003)

Purpose: This line item receives federal reimbursements of the costs of Medicaid administrative activities performed in schools. The costs include enrolling eligible children in the Medicaid program and assisting children who are already enrolled to access the benefits available to them. ODE administers the program, receiving the claims and financial reports and then submitting the claims to the Ohio Department of Job and Family Services.

3AN0 200671 School Improvement Grants

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$17,972,270	**$17,909,676**	**$17,936,675**
			N/A	**-0.3%**	**0.2%**

Source: FED: CFDA: 84.377, School Improvement Grants

Legal Basis: Proposed by the Executive Budget (originally established by Controlling Board on April 7, 2008)

Purpose: This line item provides comprehensive professional development and technical assistance to schools and districts that are not making adequate yearly progress (AYP). Funds may also be used for sustainable school improvement activities that increase the likelihood that students learn challenging academic content and achieve proficiency.

3AX0 200698 Improving Health and Educational Outcomes of Young People

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$630,954	**$630,954**	**$630,954**
			N/A	**0.0%**	**0.0%**

Source: FED: CFDA: 93.938, Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems

Legal Basis: Established by Controlling Board on May 5, 2008

Purpose: This line item is used for HIV Prevention, coordination of school health programs, physical activity, nutrition, and tobacco (CSHP/PANT) programs. The programs are funded by the U.S. Department of Health and Human Services, Centers for Disease Control.

3BK0 200628 Longitudinal Data Systems

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$28,437	$483,819	$2,215,850	$3,014,160	**$100,000**	**$0**
	1601.4%	358.0%	36.0%	**-96.7%**	

Source: FED: CFDA 84.372, Statewide Longitudinal Data Systems

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on January 9, 2006)

Purpose: This line item is used by ODE to enhance its data collection system, including automated reporting to the U.S. Department of Education. ODE uses these funds to, among other activities, support information technology centers (ITCs), implement a statewide data definition and standard transfer mechanism for sharing data, provide staff training and professional development for educators on the use of data to improve instruction, and conduct an evaluation of the effectiveness of the systems.

3BV0 200636 Character Education

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$488,565	$623,690	$700,000	**$700,000**	**$0**
	N/A	27.7%	12.2%	**0.0%**	

Source: FED: CFDA 84.215, Fund for the Improvement of Education

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on September 25, 2006)

Purpose: This line item is used to provide grant coordination, program implementation, and evaluation for the Ohio Partnerships in Character Education Project. Grant funds flow to the Ohio Partners in Character Education (OPCE), a program component of the Better Business Bureau Education Foundation, Inc. for the purpose of creating Smart and Good Schools. The objectives of this program are to improve achievement and high school success, especially in underrepresented populations. The funds are distributed by the OPCE to participating school districts.

3C50 200661 Early Childhood Education

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$20,878,918	$17,712,883	$15,527,118	$18,989,779	**$14,189,711**	**$14,554,749**
	-15.2%	-12.3%	22.3%	**-25.3%**	**2.6%**

Source: FED: CFDA 84.173, Special Education Preschool Grants; CFDA 84.213, Even Start

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on November 11, 1986)

Purpose: This line item is used for two major purposes: to provide special education and related services to preschool-aged children; and to support local family literacy projects that integrate early childhood education, adult literacy, parenting education, and interactive parent and child literacy activities.

3CF0 200644 Foreign Language Assistance

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$16,449	$45,715	$285,000	**$25,000**	**$0**
	N/A	177.9%	523.4%	**-91.2%**	

Source: FED: CFDA 84.293, Foreign Language Assistance

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on December 4, 2006)

Purpose: This line item provides grant coordination and program development, implementation, and evaluation for the Ohio Foreign Language Assistance program, and the K-6 Mandarin Chinese curriculum. The objectives of this program are to develop a content based elementary Chinese curriculum. ODE has selected Shaker Heights, Chagrin Falls, Beavercreek, Tipp City, and Belpre school districts to pilot the Mandarin Chinese program in their elementary schools, along with the Cincinnati Academy of World Languages.

3CG0 200646 Teacher Incentive Fund

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$1,744,980	$2,690,248	$3,994,338	**$3,007,975**	**$1,157,834**
	N/A	54.2%	48.5%	**-24.7%**	**-61.5%**

Source: FED: CFDA 84.374, Elementary and Secondary Act, Title V, Part D, Subpart 1

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on December 4, 2006)

Purpose: This line item is used to develop and implement performance based teacher and principal compensation systems, based primarily on increases in student achievement in high-needs schools. The Ohio Teacher Incentive Fund is a partnership of ODE, Columbus, Cincinnati, and Toledo city schools, and the National Institute for Excellence in Teaching. It provides funding for the implementation of the Teacher Advancement Program (TAP) in Cincinnati Public Schools and the expansion of the TAP in Toledo Public Schools.

3D10 200664 Drug Free Schools

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$11,780,533	$10,015,443	$8,891,238	$13,347,966	**$13,347,966**	**$13,347,966**
	-15.0%	-11.2%	50.1%	**0.0%**	**0.0%**

Source: FED: CFDA 84.186, Safe and Drug Free Schools & Communities

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on May 4, 1987)

Purpose: This line item supports drug free schools. Ninety-three percent of these funds are distributed to school districts based on a federal formula. These funds are used by the districts for drug and violence prevention activities, which are coordinated with other school and community-based services and programs to foster a safe and drug-free learning environment that supports academic achievement, prevents or reduces violence, prevents or reduces the use, possession, and distribution of illegal drugs, and creates a well disciplined environment conducive to learning. The other seven percent of the funds are used for related ODE administrative and state level activities.

3D20 200667 Honors Scholarship Program

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$4,380,731	$5,828,589	$6,536,976	$13,893,465	**$6,665,000**	**$6,665,000**
	33.1%	12.2%	112.5%	**-52.0%**	**0.0%**

Source: FED: CFDA 84.185, Byrd Honors Scholarships; CFDA 84.366, Mathematics and Science Partnerships

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on April 20, 1987)

Purpose: This line item is used to provide Byrd Scholarships: nonrenewable $1,500 merit scholarships for exceptional students to be used for the first year of study at an institution of higher education. These funds are also used to provide Mathematics and Science Partnerships grants to improve the academic achievement of students in mathematics and science through projects that involve organizations representing preschool through higher education. These projects promote strong teaching skills for elementary and secondary school math and science teachers and integrate teaching methods based on scientifically-based research and technology into the curriculum.

3H90 200605 Head Start Collaboration Project

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$215,260	$278,859	$204,356	$275,000	**$225,000**	**$225,000**
	29.5%	-26.7%	34.6%	**-18.2%**	**0.0%**

Source: FED: CFDA 93.600, Head Start

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (authorized by the Human Services Amendment Act of 1994, Public Law 103-252)

Purpose: This line item provides funds to create partnerships in order to provide better coordination of Head Start programs for disadvantaged children and their families.

3L60 200617 Federal School Lunch

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$213,082,902	$222,962,630	$273,778,314	$263,071,332	**$263,071,332**	**$263,071,332**
	4.6%	22.8%	-3.9%	**0.0%**	**0.0%**

Source: FED: CFDA 10.555, School Lunch Program

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item is used to provide subsidies to school districts to assist them in providing school lunch programs. It was formerly part of item 200607, School Food Services. State matching funds are provided through GRF appropriation item 200505, School Lunch Match.

3L70 200618 Federal School Breakfast

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$54,584,745	$58,400,591	$75,154,805	$72,208,119	**$72,208,118**	**$72,208,119**
	7.0%	28.7%	-3.9%	**0.0%**	**0.0%**

Source: FED: CFDA 10.553, School Breakfast Program

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item is used to provide subsidies to school districts to assist them in providing school breakfast programs.

3L80 200619 Child/Adult Food Programs

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$64,679,007	$67,715,740	$77,927,338	$75,159,405	**$75,159,405**	**$75,159,405**
	4.7%	15.1%	-3.6%	**0.0%**	**0.0%**

Source: FED: CFDA 10.558, Child and Adult Care Food Program

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item provides reimbursements for nutritious snacks, as well as breakfast, lunch, and dinner, to children or adults enrolled in participating day care centers, after-school programs, or adult day care centers.

3L90 200621 Career-Technical Education Basic Grant

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$48,299,233	$47,012,762	$44,653,541	$48,029,701	**$48,029,701**	**$48,029,701**
	-2.7%	-5.0%	7.6%	**0.0%**	**0.0%**

Source: FED: CFDA 84.048, Vocational Education - Basic Grants to States

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item supports state leadership activities in career-technical education and in administration of the state plan for career-technical education, and provides formula grants to districts and post secondary institutions administering career-technical programs. State matching funds for this item are provided through GRF appropriation item 200416, Career-Technical Education Match.

3M00 200623 ESEA Title 1A

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$396,584,110	$398,580,031	$412,094,549	$514,000,000	**$514,000,000**	**$514,000,000**
	0.5%	3.4%	24.7%	**0.0%**	**0.0%**

Source: FED: CFDA 84.010, Title I Grants to Local Educational Agencies

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item provides funds to school districts based on a federal formula. Districts are to use the funds to provide additional academic support and learning opportunities to help low-achieving children meet state standards in core academic subjects. Funds are targeted to schools with large numbers or percentages of children from low-income families. Schools enrolling at least 40 percent of students from low-income families are eligible to use these funds for school wide programs that serve all children in the school. Otherwise, the services must be targeted to children who are failing, or most at risk of failing, to meet state academic standards. The No Child Left Behind (NCLB) Act of 2001 reauthorized ESEA. It holds districts receiving Title IA funds accountable for progress in student achievement through the adequate yearly progress (AYP) determination. Districts that fail to obtain AYP for a certain number of years must spend up to 20% of their Title IA allocations on school choice and supplemental services.

3M10 200678 Innovative Education

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$7,089,449	$5,354,405	$4,058,134	$5,363,706	**$250,000**	**$0**
	-24.5%	-24.2%	32.2%	**-95.3%**	

Source: FED: CFDA 84.298, Innovative Education Program Strategies

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item is used to improve the quality of education for all students. Funding may be used to support local education reform efforts, to implement promising education reform and school improvement programs based on scientifically based research, to provide library services and instructional and media material to students, and to develop and implement other programs to improve school, student, and teacher performance, including professional development activities and class-size reduction.

3M20 200680 Individuals with Disabilities Education Act

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$487,004,020	$495,052,029	$491,536,833	$405,000,000	**$405,000,000**	**$405,000,000**
	1.7%	-0.7%	-17.6%	**0.0%**	**0.0%**

Source: FED: CFDA 84.027, Special Education - Grants to States

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item supports the provision of education and services to students with disabilities. Most of these funds are distributed to school districts, county MR/DD boards, community schools, the School for the Blind, the School for the Deaf, the Department of Youth Services, and chartered nonpublic schools based on a formula prescribed by the U.S. Department of Education, including a base amount for each local education agency and additional population and poverty allocations. Districts use the funds to provide free and appropriate public education to children with disabilities, including special education and related services, as required by the federal Individuals with Disabilities Education Act. Approximately five percent of these funds may be used for administrative expenses.

3P50 226643 Medicaid Professional Services Reimbursement - OSB

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$0	**$50,000**	**$50,000**
					0.0%

Source: FED: CFDA 93.999, Community Alternative Funding System

Legal Basis: Section 387.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on February 9, 1998)

Purpose: This line item was transferred from the Ohio State School for the Blind. This line item contains federal moneys for the reimbursement of expenditures incurred by the School in providing support services and specialized care for Medicaid-eligible students. This line item was established after the School became Medicaid-certified in 1997; funds were first received in FY 1999. Approximately 45% of the students at the School are Medicaid eligible.

3R00 221684 Medicaid Services Professional Reimbursement - OSD

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$0	**$35,000**	**$35,000**
					0.0%

Source: FED: CFDA 93.999, Community Alternative Funding System

Legal Basis: Section 389.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on February 9, 1998)

Purpose: This line item was transferred from the Ohio School for the Deaf. This line item contains federal moneys for the reimbursement of expenses incurred in providing audiological, psychological, speech therapy, counseling, and nursing services to Medicaid-eligible students. This line item was established after the School became Medicaid-certified in 1997; funds were first received in FY 1999.

3S20 200641 Education Technology

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$17,839,465	$11,729,807	$8,698,894	$12,000,000	**$5,000,000**	**$5,000,000**
	-34.2%	-25.8%	37.9%	**-58.3%**	**0.0%**

Source: FED: CFDA 84.318, Education Technology State Grants

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on June 22, 1998)

Purpose: This line item receives two different types of grants. The formula grants, which are administered by ODE, are distributed to districts based on the number of Title I eligible students served by the district. The competitive grants are jointly administered by ODE and eTech Ohio. In both cases, the grants are used for hardware, software, professional development, curriculum management tools, and other resources that assist districts in integrating technology into their language arts and mathematics curricula in grades kindergarten through eight. Two percent are used for state level activities and three percent for administration.

3T40 200613 Public Charter Schools

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$21,450,613	$23,863,759	$13,720,602	$14,212,922	**$14,212,922**	**$14,212,922**
	11.2%	-42.5%	3.6%	**0.0%**	**0.0%**

Source: FED: CFDA 84.282, Charter Schools

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on December 7, 1998)

Purpose: This line item assists in the planning, design, initial implementation, and dissemination of information on charter schools, known in Ohio as community schools. Grants are made for start-up costs in planning and early implementation phases of community school development. Funding also supports evaluation of community schools' effects on students, staff, and parents. Each community school funded through this program can qualify for a maximum of $150,000 per year over a three-year period.

3U20 200662 Teacher Quality Enhancement Grants

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$748,843	$365,628	$0	$0	**$0**	**$0**
	-51.2%				

Source: FED: CFDA 84.336, Teacher Quality Enhancement Grants

Legal Basis: Discontinued line item (originally established by Controlling Board on July 1, 2000)

Purpose: This line item provided funds to school districts to improve student achievement and to improve the quality of the current and future teaching force by improving the preparation of prospective teachers and enhancing professional development activities.

3X50 200684 School Renovation/IDEA

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$723,700	$761,942	$0	$0	**$0**	**$0**
	5.3%				

Source: FED: CFDA 84.352, School Renovation Grants

Legal Basis: Discontinued line item (originally established by Controlling Board on October 29, 2001)

Purpose: This line item provided funds that were distributed to school districts mainly for making urgent school repairs. A portion of the funds were also used for other activities authorized by the Individuals with Disabilities Education Act. The funds were administered by the School Facilities Commission and eTech Ohio.

3Y10 221686 Early Childhood Grant

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$0	**$300,000**	**$300,000**
					0.0%

Source: FED: CFDA 84.173, Statewide Early Childhood Deafness Grant

Legal Basis: Section 389.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on October 29, 2001)

Purpose: This line item was transferred from the Ohio School for the Deaf. This line item is used to support the statewide preschool program, including a training, research, and dissemination project that supports the learning of deaf and hearing-impaired children, birth to age 5, throughout the state. This project is to enhance the ability of deaf preschoolers to acquire the language skills needed for entering kindergarten and beyond.

3Y20 200688 21st Century Community Learning Centers

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$30,657,423	$26,754,564	$25,997,234	$30,681,554	**$28,700,000**	**$28,700,000**
	-12.7%	-2.8%	18.0%	**-6.5%**	**0.0%**

Source: FED: CFDA 84.287, 21st-Century Community Learning Centers

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on July 29, 2002)

Purpose: This line item is used to provide grants to local educational agencies and to community and faith-based organizations to create community learning centers that provide academic enrichment opportunities for children, particularly students who attend high-poverty and low-performing schools. The grant funds are used for remedial education activities and academic enrichment programs, tutorial and mentor services, after school activities emphasizing language skills, recreation activities for limited English proficient students, technology programs, and activities that promote parental involvement, drug prevention, arts and music education, mathematics and science education, violence prevention, and character education. Five percent of the funds are used by ODE for administrative expenses.

3Y40 200632 Reading First

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$46,375,143	$29,297,850	$19,976,156	$31,215,798	**$27,366,373**	**$24,455,172**
	-36.8%	-31.8%	56.3%	**-12.3%**	**-10.6%**

Source: FED: CFDA 84.357, Reading First

Legal Basis: Section 269.40.40 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on July 29, 2002)

Purpose: This line item supports the federal Reading First program. Approximately 80% of these funds are provided to school districts through competitive grants to assist in the establishment of research-based reading programs for students in kindergarten through third grade. The remaining funds are used by ODE for federal diagnostics tests; resource materials; program research, monitoring, and evaluation; and administration of the program. Reading First is a classroom- and teacher- based program and is available only for high poverty schools.

3Y50 200634 Community Service Grants

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$307,092	$0	$0	$0	**$0**	**$0**

Source: FED: CFDA 84.184, Safe and Drug-Free Schools

Legal Basis: Discontinued line item (originally established by Controlling Board on November 18, 2002)

Purpose: This line item was used to prevent the illegal use of drugs and violence among, and promote safety and discipline for, students at all educational levels.

3Y60 200635 Improving Teacher Quality

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$106,161,716	$105,647,136	$93,926,689	$103,998,246	**$101,778,397**	**$101,778,400**
	-0.5%	-11.1%	10.7%	**-2.1%**	**0.0%**

Source: FED: CFDA 84.367, Improving Teacher Quality State Grants

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on August 12, 2002)

Purpose: This line item supports teacher quality. The bulk of the funds are distributed to school districts based on a federal formula that takes into account a district's enrollment and poverty rate. The districts must use these funds to recruit and retain highly qualified teachers and to provide professional development. Approximately 1% of the total funds is retained by ODE for administration of the program, and 4% is used to support partnerships between districts and higher education institutions in developing education training activities.

3Y70 200689 English Language Acquisition

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$7,035,380	$7,171,908	$6,744,789	$8,000,000	**$8,000,000**	**$8,000,000**
	1.9%	-6.0%	18.6%	**0.0%**	**0.0%**

Source: FED: CFDA 84.365, English Language Acquisition

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on July 29, 2002)

Purpose: This line item provides funds to school districts to improve the education of limited English proficient children by assisting the children to learn English and to meet the state's academic content and student achievement standards. Five percent of the funds are used by ODE for administration.

3Y80 200639 Rural and Low Income Technical Assistance

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$1,132,432	$988,519	$1,498,581	$1,500,000	**$1,500,000**	**$1,500,000**
	-12.7%	51.6%	0.1%	**0.0%**	**0.0%**

Source: FED: CFDA 84.358, Rural Education

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on July 29, 2002)

Purpose: This line item is used to fund grants to rural and low income school districts to help them attract qualified teachers and to provide professional development appropriate for teaching low income students.

3Z20 200690 State Assessments

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$8,539,937	$9,053,883	$11,208,740	$12,883,799	**$12,883,799**	**$12,883,799**
	6.0%	23.8%	14.9%	**0.0%**	**0.0%**

Source: FED: CFDA 84.369, State Assessments

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on July 29, 2002)

Purpose: This line item supports the development, production, scoring, and reporting of state reading and mathematics achievement tests in grades three through eight and in grade ten that are mandated by the federal No Child Left Behind Act of 2001. The funds in this line item are used in conjunction with funds from GRF appropriation item 200437, Student Assessments.

3Z30 200645 Consolidated Federal Grant Administration

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$6,393,174	$6,880,353	$8,842,418	$10,000,000	**$8,499,279**	**$8,499,280**
	7.6%	28.5%	13.1%	**-15.0%**	**0.0%**

Source: FED: CFDA 84.011, Migrant Education; CFDA 84.013, Title I Program for Neglected & Delinquent Children; CFDA 84.196, Education for Homeless Children & Youth; CFDA 84.332, Comprehensive School Reform; CFDA 84.282, Charter Schools; CFDA 84.010, Title I Grants to Local Educational Agencies; CFDA 84.357, Reading First; CFDA 84.184, Safe and Drug-Free Schools; CFDA 84.367, Improving Teacher Quality State Grants; CFDA 84.358, Rural and Low Income; CFDA 84.318, Education Technology Title III; CFDA 84.173, Special Education Preschool Grants; CFDA 84.213, Even Start; CFDA 84.186, Drug Free Schools & Community; CFDA 84.298, Innovative Education Program Strategies; CFDA 84.027, Special Education - Grants to States (Part B, Individuals with Disabilities Education Act); CFDA 84.287 21st-Century Community Learning Centers; CFDA 84.365 English Language Acquisition; CFDA 84.215, Improvement of Education; CFDA 84.369, State Assessment Title IV

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (Originally established by Controlling Board on July 7, 2003)

Purpose: This line item enables ODE to consolidate administrative spending that is allowable under various federal grants.

3Z70 200697 General Supervisory Enhancement Grant

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$840,567	**$840,567**	**$0**
			N/A	**0.0%**	

Source: FED: CFDA 84.373, Special Education - Technical Assistance on State Data Collection

Legal Basis: Established by Controlling Board on January 28, 2008

Purpose: The line item supports a collaborative effort of ODE, the Oregon and Minnesota departments of education, and the American Institutes for Research (AIR). The goal of the consortium is to share resources and expertise to develop assessments of modified academic achievement standards for a defined target population of students who may be hampered by significant learning disabilities and other cognitive limitations. ODE uses the grant proceeds to fund personal service contracts for the development of a modified test for special education students identified in the target group.

State Special Revenue Fund Group

4540 200610 Guidance and Testing

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$595,473	$262,427	$388,015	$400,000	**$400,000**	**$400,000**
	-55.9%	47.9%	3.1%	**0.0%**	**0.0%**

Source: SSR: Sale of tests and test service proceeds

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established in 1929)

Purpose: This line item is used for the administrative costs of the GED, which includes the cost of scoring the test and providing transcripts and confirmations of GED testing to employers. The funds are provided through a fee charged for taking the test. This fee increased $10 from $55 to $65 in January 2009.

4550 200608 Commodity Foods

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$16,809,035	$17,803,171	$17,953,139	$24,000,000	**$24,000,000**	**$24,000,000**
	5.9%	0.8%	33.7%	**0.0%**	**0.0%**

Source: SSR: Food processing and handling charges

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board in September 1978)

Purpose: This line item is supported by the processing and handling fees that are paid by school districts receiving the food. ODE uses these funds to obtain the food from the U.S. Department of Agriculture. The purpose of the program is to provide inexpensive quality food to schools and charitable institutions.

4M00 221601 Educational Program Expenses

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$0	**$190,000**	**$190,000**
					0.0%

Source: SSR: Fees charged for meals and donations

Legal Basis: Section 389.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item was transferred from the Ohio School for the Deaf. This line item receives fee revenues from the student work-experience program at the School. The vocational program offers students work experience through programming and activities such as serving meals to visiting groups at the School. This program is self-supporting and receives revenue through workshop fees, donations, and from serving meals to visitors. Funds in this line item are in turn used to support student work-experience and educational food service programs.

4M50 226601 Work Study and Technology Investment

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$0	**$250,000**	**$250,000**
					0.0%

Source: SSR: Donations and sales revenues

Legal Basis: Section 387.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally created by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item was transferred from the Ohio State School for the Blind. This line item contains donations as well as funds earned from the vocational program's workshops. The vocational program offers students various work experience through programming and activities such as the sign-making, catering, mail delivery, recycling, computer trouble shooting, and vending machine operations. This program is self-supporting and receives revenue through sign sales and donations. Funds in this line item are in turn used to support the student work-experience program and some other activities.

4R70 200695 Indirect Operational Support

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$4,959,055	$5,321,833	$5,252,847	$5,810,464	**$5,810,464**	**$5,810,464**
	7.3%	-1.3%	10.6%	**0.0%**	**0.0%**

Source: SSR: Indirect payment for the ODE's role in running federal projects (allowed by the federal government)

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board in December 1993)

Purpose: This line item receives funds from all ODE line items (both GRF and Federal) that spend funds on personnel and maintenance. These funds are used for a variety of administrative purposes including accounting, human resources, grants management, and internal auditing functions. The rate is approved annually by the U.S. Department of Education.

4V70 200633 Interagency Operational Support

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$648,381	$1,305,405	$1,725,065	$983,734	**$868,788**	**$868,788**
	101.3%	32.1%	-43.0%	**-11.7%**	**0.0%**

Source: SSR: Funds received from the Department of Youth Services, the Department of Rehabilitation and Corrections, and the Department of Drug and Alcohol Addiction Services

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board in June 1995)

Purpose: This line item is supported by funding from other state agencies for specific programs (such as Training for At Risk Youth, Child Abuse Detection, Building Inspection, and the Commission on Fatherhood) that require ODE's assistance.

5980 200659 Auxiliary Services Reimbursement

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$1,012,663	$972,624	$1,375,001	$1,328,910	**$1,328,910**	**$1,328,910**
	-4.0%	41.4%	-3.4%	**0.0%**	**0.0%**

Source: SSR: Funds transferred from the Auxiliary Services Personnel Unemployment Compensation Fund

Legal Basis: ORC 3317.064; Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 238 of the 116th G.A.)

Purpose: This line item is supported by moneys received from the Auxiliary Services Personnel Unemployment Compensation Fund that are deemed to be in excess of the amount needed to pay unemployment claims. The funds are used to replace and repair mobile units used in providing auxiliary services to state chartered nonpublic schools .

5BB0 200696 State Action for Education Leadership

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$1,225,110	$1,161,119	$960,564	$2,050,000	**$1,250,000**	**$600,000**
	-5.2%	-17.3%	113.4%	**-39.0%**	**-52.0%**

Source: SSR: Grants from the Wallace and the Bill and Melinda Gates Foundations

Legal Basis: ORC 3301.21; Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 16 of the 126th G.A.)

Purpose: This line item is used to develop leadership programs for the Big Eight school districts; to target training to teacher-leaders, principals, and union leaders; to develop a Teacher Leader and Urban Principal Endorsement; and to develop the Ohio Superintendent Evaluation System. In the upcoming biennium, ODE will not receive funds from the Gates Foundation.

5BJ0 200626 Half-Mill Maintenance Equalization

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$14,793,868	$15,221,933	$10,700,000	**$10,700,000**	**$10,700,000**
	N/A	2.9%	-29.7%	**0.0%**	**0.0%**

Source: SSR: Excess funds from the School District Property Tax Replacement Fund (Fund 0530)

Legal Basis: ORC 3318 (F); Section 269.40.40 of Am. Sub. H.B. 119 of the 127th G.A.

Purpose: This line item is used to equalize the half-mill levy that school districts participating in the School Facilities Commission's school building assistance program are required to levy to help pay for the maintenance costs of their state-assisted buildings. Districts whose per pupil valuations are less than the state average receive funds to equalize this half-mill levy to the state average. Funding can be used only to maintain state-assisted school buildings.

5H60 221609 Even Start Fees and Gifts

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$0	$0	**$250,716**	**$250,716**
					0.0%

Source: SSR: Fees and gifts

Legal Basis: Section 389.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on July 1, 2000)

Purpose: This line item was transferred from the Ohio School for the Deaf. This line item receives fees and gifts associated with Even Start services. Even Start's goal is to accelerate the language and literacy development of preschoolers who are deaf, with a key commitment to children who depend on access to American Sign Language to fully participate in learning. Funds in this line item are used to support wages and benefits of the teachers in the Alice Cogswell Child Development Center preschool program. A portion of the funding for the program is used to replace books and other instructional supplies.

5U20 200685 National Education Statistics

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$162,488	$139,270	$137,073	$300,000	**$300,000**	**$300,000**
	-14.3%	-1.6%	118.9%	**0.0%**	**0.0%**

Source: SSR: Grant for NAEP

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Controlling Board on May 6, 2002)

Purpose: This line item funds the position of National Assessment of Educational Progress (NAEP) state coordinator as well as other specific data collection tasks associated with NAEP. The state coordinator position provides technical assistance to state and local education agencies on the collection of education statistics. The No Child Left Behind Act of 2001 requires states to participate in NAEP.

5W20 200663 Early Learning Initiative

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$12,729,277	$2,251,165	$1,223,295	$2,200,000	**$2,200,000**	**$2,200,000**
	-82.3%	-45.7%	79.8%	**0.0%**	**0.0%**

Source: SSR: Federal Title IV-A funds

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Section 41.19 of Am. Sub. H.B. 95 of the 125th G.A.)

Purpose: This line item receives federal Temporary Assistance to Needy Families (TANF) funds to support the Early Learning Initiative (ELI) that was established by Am. Sub. H.B. 66 of the 126th G.A. ELI provides early learning and child care services for families earning not more than 185% of the federal poverty level in FY 2008 and 200% of the federal poverty level in FY 2009. ELI is jointly administered by ODE and the Ohio Department of Job and Family Services (ODJFS). Beginning in FY 2008, this line item provided funds only for ODE's administrative costs. Actual ELI subsidies are disbursed by ODJFS.

5X90 200911 NGA STEM

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$94,950	$250,000	**$50,000**	**$0**
		N/A	163.3%	**-80.0%**	

Source: SSR: Grant from National Governor's Association

Legal Basis: Established by Controlling Board on September 10, 2007

Purpose: This line item supports the STEM (science, technology, engineering, and mathematics) programs in Ohio. These programs are intended to help Ohio students become STEM literate, to encourage students to achieve greater creativity, and to develop the ability to apply their knowledge and skills in multiple settings.

6200 200615 Educational Improvement Grants

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$1,286,579	$1,326,447	$1,737,240	$3,237,000	**$3,000,000**	**$3,000,000**
	3.1%	31.0%	86.3%	**-7.3%**	**0.0%**

Source: SSR: Miscellaneous education grants

Legal Basis: Section 269.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 282 of the 123rd G.A.)

Purpose: This line item receives funds from miscellaneous educational grants from private foundations for specified purposes, such as grants from the Jennings Foundation for innovative early childhood education and parental involvement initiatives.

6210 200910 Preschool Foreign Language

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$0	$0	$218,106	$0	**$0**	**$0**
		N/A			

Source: SSR: Grants from the Martha Holden Jennings Foundation, the Cleveland Foundation, and the Ohio State University

Legal Basis: Discontinued line item (originally established by Controlling Board on August 20, 2007)

Purpose: This line item created materials (through a contract with the Sesame Workshop) and professional development for preschool foreign language instruction in Mandarin Chinese. The program was a research pilot which involved preschool programs in the Cleveland Heights and University Heights school districts.

Lottery Profits/Education Fund Group

7017 200612 Foundation Funding

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$606,208,300	$606,296,800	$666,198,000	$667,900,000	**$705,000,000**	**$711,000,000**
	0.0%	9.9%	0.3%	**5.6%**	**0.9%**

Source: LPE: Lottery Profits Education Fund

Legal Basis: Section 269.40.70 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 650 of the 122nd G.A.)

Purpose: This line item is used in conjunction with GRF line item 200550, Foundation Funding, to fund state foundation payments to school districts and joint vocational school districts, and to fund some other education subsidies. Also see the description for line item 200550, Foundation Funding. Three previously existing LPE line items: 200670, School Foundation - Basic Allowance; 200672, Special Education; and 200672, Vocational Education, were collapsed into this one line item by Am. Sub. H.B. 650 of the 122nd G.A..

7017 200682 Lease Rental Payment Reimbursement

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$31,691,700	$31,603,200	$22,702,000	$0	**$0**	**$0**
	-0.3%	-28.2%			

Source: LPE: Lottery Profits Education Fund

Legal Basis: ORC 3318.01 through 3318.20; Section 269.40.70 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item provided funds to pay debt service incurred from special revenue bonds issued for the classroom facilities assistance program. Funds were transferred to the School Facilities Commission's (SFC) GRF appropriation item 230428, Lease Rental Payments. Before SFC was created, funds were transferred to ODE's GRF line item 200413, Lease Rental. All special revenue bonds were retired in FY 2008.

Revenue Distribution Fund Group

7047 200909 School District Property Tax Replacement - Business

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$67,143,154	$418,161,375	$620,818,733	$763,316,819	**$1,150,207,366**	**$1,150,207,366**
	522.8%	48.5%	23.0%	**50.7%**	**0.0%**

Source: RDF: Transfers from the commercial activity tax

Legal Basis: ORC 5721.21; Section 269.50.10 of Am. Sub. H.B. 119 of the 127th G.A.

Purpose: This line item is used by ODE, in consultation with the Department of Taxation, to make payments to school districts and joint vocational school districts. These payments, combined with increases in state education aid resulting from lower property values, compensate school districts and joint vocational school districts for their losses arising from the phase-out of general business tangible personal property taxes as a result of Am. Sub. H.B. 66 of the 126th G.A.

7053 200900 School District Property Tax Replacement - Utility

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
$125,978,243	$102,145,402	$85,486,475	$91,123,523	**$91,123,523**	**$91,123,523**
	-18.9%	-16.3%	6.6%	**0.0%**	**0.0%**

Source: RDF: Kilowatt-hour taxes on electricity and MCF taxes on natural gas

Legal Basis: ORC 5727.84 and 5727.85; Section 269.50.10 of Am. Sub. H.B. 119 of the 127th G.A. (originally established by Am. Sub. S.B. 3 of the 123rd G.A.)

Purpose: This line item is used by ODE, in consultation with the Department of Taxation, to make payments to school districts and joint vocational school districts. These payments, combined with increases in state education aid resulting from lower property values, compensate school districts and joint vocational school districts for their losses of property tax revenues because of changes in public utility assessment rates as a result of Am. Sub. S.B. 3 and Am. Sub. S.B. 287 of the 123rd G.A.

LSC Budget Spreadsheet by Line Item, FY 2010 - FY 2011

Fund	ALI	ALI Title	2008	2009	As Introduced 2010	% Change 2009 to 2010	As Introduced 2011	% Change 2010 to 2011
EDU		**Department of Education**						
GRF	200100	Personal Services	$ 10,965,857	$ 10,441,153	$ 12,153,147	16.4%	$ 12,153,147	0.0%
GRF	200320	Maintenance and Equipment	$ 3,249,029	$ 4,117,959	$ 3,495,350	-15.1%	$ 3,495,350	0.0%
GRF	200408	Early Childhood Education	$ 26,300,099	$ 34,726,409	$ 34,768,341	0.1%	$ 34,768,341	0.0%
GRF	200410	Educator Training	$ 17,480,059	$ 16,651,758	$ 0	-100.0%	$ 0	N/A
GRF	200416	Career-Technical Education Match	$ 2,222,373	$ 2,233,195	$ 2,233,195	0.0%	$ 2,233,195	0.0%
GRF	200420	Computer/Application/Network Development	$ 5,469,042	$ 4,930,871	$ 5,394,826	9.4%	$ 5,394,826	0.0%
GRF	200421	Alternative Education Programs	$ 14,202,349	$ 12,228,069	$ 10,015,885	-18.1%	$ 10,015,885	0.0%
GRF	200422	School Management Assistance	$ 2,835,048	$ 2,837,639	$ 20,904,572	636.7%	$ 22,490,572	7.6%
GRF	200424	Policy Analysis	$ 553,530	$ 504,634	$ 1,056,687	109.4%	$ 1,056,687	0.0%
GRF	200425	Tech Prep Consortia Support	$ 1,877,773	$ 1,767,878	$ 1,594,373	-9.8%	$ 1,594,373	0.0%
GRF	200426	Ohio Educational Computer Network	$ 29,522,184	$ 25,834,891	$ 27,411,025	6.1%	$ 27,411,025	0.0%
GRF	200427	Academic Standards	$ 6,631,605	$ 6,402,102	$ 5,789,861	-9.6%	$ 5,789,861	0.0%
GRF	200431	School Improvement Initiatives	$ 22,117,158	$ 18,466,893	$ 9,859,997	-46.6%	$ 9,859,997	0.0%
GRF	200433	Literacy Improvement - Professional Development	$ 8,887,598	$ 10,832,393	$ 0	-100.0%	$ 0	N/A
GRF	200437	Student Assessment	$ 77,355,688	$ 68,751,186	$ 71,909,814	4.6%	$ 71,909,814	0.0%
GRF	200439	Accountability/Report Cards	$ 5,961,160	$ 6,671,859	$ 6,828,650	2.4%	$ 6,828,650	0.0%
GRF	200442	Child Care Licensing	$ 1,206,189	$ 1,109,435	$ 1,302,495	17.4%	$ 1,302,495	0.0%
GRF	200445	OhioReads Volunteer Support	$ 200	$0	$0	N/A	$0	N/A
GRF	200446	Education Management Information System	$ 15,596,195	$ 15,188,924	$ 15,621,135	2.8%	$ 15,621,135	0.0%
GRF	200447	GED Testing	$ 1,705,269	$ 1,382,302	$ 1,250,353	-9.5%	$ 1,250,353	0.0%
GRF	200448	Educator Preparation	$ 1,134,104	$ 870,889	$ 2,030,000	133.1%	$ 2,030,000	0.0%
GRF	200455	Community Schools	$ 1,294,728	$ 1,372,725	$ 497,404,384	36,134.8%	$ 533,686,539	7.3%
GRF	200457	STEM Initiatives	$ 7,030,632	$ 8,313,729	$ 2,000,000	-75.9%	$ 4,500,000	125.0%
GRF	200458	Public School Employees Health Care Board	$0	$ 0	$ 1,128,600	N/A	$ 1,128,600	0.0%
GRF	200502	Pupil Transportation	$ 424,762,211	$ 429,030,948	$ 438,222,619	2.1%	$ 438,222,619	0.0%
GRF	200503	Bus Purchase Allowance	$ 8,976,862	$ 12,568,237	$ 10,850,000	-13.7%	$ 10,850,000	0.0%

LSC Budget Spreadsheet by Line Item, FY 2010 - FY 2011

Fund	ALI	ALI Title	2008	2009	As Introduced 2010	% Change 2009 to 2010	As Introduced 2011	% Change 2010 to 2011
EDU		**Department of Education**						
GRF	200505	School Lunch Match	$ 8,721,172	$ 8,561,013	$ 11,798,025	37.8%	$ 11,798,025	0.0%
GRF	200509	Adult Literacy Education	$ 8,438,881	$ 8,243,654	$ 0	-100.0%	$ 0	N/A
GRF	200511	Auxiliary Services	$ 131,763,597	$ 129,247,268	$ 131,740,457	1.9%	$ 131,740,457	0.0%
GRF	200514	Postsecondary Adult Career-Technical Education	$ 17,854,650	$ 15,740,360	$ 0	-100.0%	$ 0	N/A
GRF	200521	Gifted Pupil Program	$ 46,923,339	$ 48,008,613	$ 0	-100.0%	$ 0	N/A
GRF	200532	Nonpublic Administrative Cost Reimbursement	$ 59,787,682	$ 58,678,602	$ 59,810,517	1.9%	$ 59,810,517	0.0%
GRF	200536	Ohio Core Support	$ 20,368,588	$ 12,392,222	$ 0	-100.0%	$ 0	N/A
GRF	200540	Special Education Enhancements	$ 135,221,043	$ 140,006,839	$ 135,436,252	-3.3%	$ 138,009,540	1.9%
GRF	200541	Special Education - Federal Stimulus	$0	$ 0	$ 224,806,500	N/A	$ 224,806,500	0.0%
GRF	200545	Career-Technical Education Enhancements	$ 9,428,283	$ 9,373,926	$ 7,752,662	-17.3%	$ 7,802,699	0.6%
GRF	200550	Foundation Funding	$ 5,628,394,728	$ 6,029,943,246	$ 4,888,191,136	-18.9%	$ 4,851,912,026	-0.7%
GRF	200551	Foundation Funding - Federal Stimulus	$0	$ 0	$ 277,583,913	N/A	$ 532,449,362	91.8%
GRF	200555	Teach Ohio	$0	$ 0	$ 6,100,000	N/A	$ 6,100,000	0.0%
GRF	200566	Literacy Improvement - Classroom Grants	$ 8,139,406	$ 10,305,709	$ 0	-100.0%	$ 0	N/A
GRF	200578	Violence Prevention and School Safety	$ 876,749	$ 1,127,251	$ 1,384,924	22.9%	$ 1,384,924	0.0%
GRF	200609	Poverty Funding - Federal Stimulus	$0	$ 0	$ 236,199,000	N/A	$ 236,199,000	0.0%
GRF	200901	Property Tax Allocation - Education	$ 858,073,763	$ 850,868,654	$ 1,008,262,363	18.5%	$ 1,020,655,157	1.2%
GRF	200906	Tangible Tax Exemption-Education	$ 21,635,474	$ 10,707,622	$ 0	-100.0%	$ 0	N/A
GRF	221100	Personal Services - OSD	$0	$ 0	$ 8,713,704	N/A	$ 8,713,704	0.0%
GRF	221200	Maintenance - OSD	$0	$ 0	$ 905,035	N/A	$ 905,035	0.0%
GRF	221300	Equipment -OSD	$0	$ 0	$ 78,650	N/A	$ 78,650	0.0%
GRF	226100	Personal Services - OSB	$0	$ 0	$ 7,326,155	N/A	$ 7,326,155	0.0%
GRF	226200	Maintenance - OSB	$0	$ 0	$ 688,363	N/A	$ 688,363	0.0%
GRF	226300	Equipment - OSB	$0	$ 0	$ 72,783	N/A	$ 72,783	0.0%
General Revenue Fund Total			**$ 7,652,964,298**	**$ 8,030,441,057**	**$ 8,190,075,748**	**2.0%**	**$ 8,464,046,361**	**3.3%**

Fund	ALI	ALI Title	2008	2009	As Introduced 2010	% Change 2009 to 2010	As Introduced 2011	% Change 2010 to 2011
EDU Department of Education								
1380	200606	Computer Services - Operational Support	$ 6,014,921	$ 7,600,091	$ 7,600,091	0.0%	$ 7,600,091	0.0%
4520	200638	Miscellaneous Educational Services	$ 122,830	$ 279,992	$ 275,000	-1.8%	$ 275,000	0.0%
4D10	200602	Ohio Prevention/Education Resource Center	$ 191,108	$ 832,000	$ 0	-100.0%	$ 0	N/A
4H80	226602	Education Reform Grants - OSB	$0	$ 0	$ 61,000	N/A	$ 61,000	0.0%
4L20	200681	Teacher Certification and Licensure	$ 5,378,295	$ 6,323,994	$ 6,323,994	0.0%	$ 6,323,994	0.0%
4M10	221602	Education Reform Grants - OSD	$0	$ 0	$ 76,000	N/A	$ 76,000	0.0%
5960	200656	Ohio Career Information System	$ 186,240	$ 529,761	$ 529,761	0.0%	$ 529,761	0.0%
5H30	200687	School District Solvency Assistance	$ 10,380,000	$ 18,000,000	$ 18,000,000	0.0%	$ 18,000,000	0.0%
General Services Fund Group Total			**$ 22,273,394**	**$ 33,565,838**	**$ 32,865,846**	**-2.1%**	**$ 32,865,846**	**0.0%**
3090	200601	Educationally Disadvantaged Programs	$ 7,113,727	$ 8,750,000	$ 8,405,512	-3.9%	$ 8,405,512	0.0%
3100	226626	Coordinating Unit - OSB	$0	$ 0	$ 2,527,105	N/A	$ 2,527,105	0.0%
3110	221625	Coordinating Unit - OSD	$0	$ 0	$ 2,460,135	N/A	$ 2,460,135	0.0%
3660	200604	Adult Basic Education	$ 17,718,504	$ 20,396,250	$ 0	-100.0%	$ 0	N/A
3670	200607	School Food Services	$ 4,773,354	$ 6,088,737	$ 6,088,737	0.0%	$ 6,088,738	0.0%
3680	200614	Veterans' Training	$ 575,736	$ 745,892	$ 745,892	0.0%	$ 745,892	0.0%
3690	200616	Career-Technical Education Federal Enhancement	$ 4,256,622	$ 5,000,000	$ 5,000,000	0.0%	$ 4,990,960	-0.2%
3700	200624	Education of Exceptional Children	$ 3,223,785	$ 2,912,389	$ 2,664,000	-8.5%	$ 2,755,000	3.4%
3740	200647	Troops to Teachers	$ 64,989	$ 100,000	$ 100,000	0.0%	$ 100,000	0.0%
3780	200660	Learn and Serve	$ 590,893	$ 1,561,954	$ 619,211	-60.4%	$ 619,211	0.0%
3AD0	221604	VREAL Ohio	$0	$ 0	$ 25,000	N/A	$ 25,000	0.0%
3AF0	200603	Schools Medicaid Administrative Claims	$ 406,992	$ 639,000	$ 639,000	0.0%	$ 639,000	0.0%
3AN0	200671	School Improvement Grants	$0	$ 17,972,270	$ 17,909,676	-0.3%	$ 17,936,675	0.2%
3AX0	200698	Improving Health and Educational Outcomes of Young People	$0	$ 630,954	$ 630,954	0.0%	$ 630,954	0.0%
3BK0	200628	Longitudinal Data Systems	$ 2,215,850	$ 3,014,160	$ 100,000	-96.7%	$ 0	-100.0%
3BV0	200636	Character Education	$ 623,690	$ 700,000	$ 700,000	0.0%	$ 0	-100.0%

Fund	ALI	ALI Title	2008	2009	As Introduced 2010	% Change 2009 to 2010	As Introduced 2011	% Change 2010 to 2011
EDU Department of Education								
3C50	200661	Early Childhood Education	$ 15,527,118	$ 18,989,779	$ 14,189,711	-25.3%	$ 14,554,749	2.6%
3CF0	200644	Foreign Language Assistance	$ 45,715	$ 285,000	$ 25,000	-91.2%	$ 0	-100.0%
3CG0	200646	Teacher Incentive Fund	$ 2,690,248	$ 3,994,338	$ 3,007,975	-24.7%	$ 1,157,834	-61.5%
3D10	200664	Drug Free Schools	$ 8,891,238	$ 13,347,966	$ 13,347,966	0.0%	$ 13,347,966	0.0%
3D20	200667	Honors Scholarship Program	$ 6,536,976	$ 13,893,465	$ 6,665,000	-52.0%	$ 6,665,000	0.0%
3H90	200605	Head Start Collaboration Project	$ 204,356	$ 275,000	$ 225,000	-18.2%	$ 225,000	0.0%
3L60	200617	Federal School Lunch	$ 273,778,314	$ 263,071,332	$ 263,071,332	0.0%	$ 263,071,332	0.0%
3L70	200618	Federal School Breakfast	$ 75,154,805	$ 72,208,119	$ 72,208,118	0.0%	$ 72,208,119	0.0%
3L80	200619	Child/Adult Food Programs	$ 77,927,338	$ 75,159,405	$ 75,159,405	0.0%	$ 75,159,405	0.0%
3L90	200621	Career-Technical Education Basic Grant	$ 44,653,541	$ 48,029,701	$ 48,029,701	0.0%	$ 48,029,701	0.0%
3M00	200623	ESEA Title 1A	$ 412,094,549	$ 514,000,000	$ 514,000,000	0.0%	$ 514,000,000	0.0%
3M10	200678	Innovative Education	$ 4,058,134	$ 5,363,706	$ 250,000	-95.3%	$ 0	-100.0%
3M20	200680	Individuals with Disabilities Education Act	$ 491,536,833	$ 405,000,000	$ 405,000,000	0.0%	$ 405,000,000	0.0%
3P50	226643	Medicaid Professional Services Reimbursement - OSB	$0	$ 0	$ 50,000	N/A	$ 50,000	0.0%
3R00	221684	Medicaid Services Professional Reimbursement - OSD	$0	$ 0	$ 35,000	N/A	$ 35,000	0.0%
3S20	200641	Education Technology	$ 8,698,894	$ 12,000,000	$ 5,000,000	-58.3%	$ 5,000,000	0.0%
3T40	200613	Public Charter Schools	$ 13,720,602	$ 14,212,922	$ 14,212,922	0.0%	$ 14,212,922	0.0%
3Y10	221686	Early Childhood Grant	$0	$ 0	$ 300,000	N/A	$ 300,000	0.0%
3Y20	200688	21st Century Community Learning Centers	$ 25,997,234	$ 30,681,554	$ 28,700,000	-6.5%	$ 28,700,000	0.0%
3Y40	200632	Reading First	$ 19,976,156	$ 31,215,798	$ 27,366,373	-12.3%	$ 24,455,172	-10.6%
3Y60	200635	Improving Teacher Quality	$ 93,926,689	$ 103,998,246	$ 101,778,397	-2.1%	$ 101,778,400	0.0%
3Y70	200689	English Language Acquisition	$ 6,744,789	$ 8,000,000	$ 8,000,000	0.0%	$ 8,000,000	0.0%
3Y80	200639	Rural and Low Income Technical Assistance	$ 1,498,581	$ 1,500,000	$ 1,500,000	0.0%	$ 1,500,000	0.0%
3Z20	200690	State Assessments	$ 11,208,740	$ 12,883,799	$ 12,883,799	0.0%	$ 12,883,799	0.0%
3Z30	200645	Consolidated Federal Grant Administration	$ 8,842,418	$ 10,000,000	$ 8,499,279	-15.0%	$ 8,499,280	0.0%

Fund	ALI	ALI Title	2008	2009	As Introduced 2010	% Change 2009 to 2010	As Introduced 2011	% Change 2010 to 2011
EDU Department of Education								
3Z70	200697	General Supervisory Enhancement Grant	$0	$ 840,567	$ 840,567	0.0%	$ 0	-100.0%
Federal Special Revenue Fund Group Total			**$ 1,645,277,412**	**$ 1,727,462,303**	**$ 1,672,960,767**	**-3.2%**	**$ 1,666,757,861**	**-0.4%**
4540	200610	Guidance and Testing	$ 388,015	$ 400,000	$ 400,000	0.0%	$ 400,000	0.0%
4550	200608	Commodity Foods	$ 17,953,139	$ 24,000,000	$ 24,000,000	0.0%	$ 24,000,000	0.0%
4M00	221601	Educational Program Expenses	$0	$ 0	$ 190,000	N/A	$ 190,000	0.0%
4M50	226601	Work Study and Technology Investment	$0	$ 0	$ 250,000	N/A	$ 250,000	0.0%
4R70	200695	Indirect Operational Support	$ 5,252,847	$ 5,810,464	$ 5,810,464	0.0%	$ 5,810,464	0.0%
4V70	200633	Interagency Operational Support	$ 1,725,065	$ 983,734	$ 868,788	-11.7%	$ 868,788	0.0%
5980	200659	Auxiliary Services Reimbursement	$ 1,375,001	$ 1,328,910	$ 1,328,910	0.0%	$ 1,328,910	0.0%
5BB0	200696	State Action for Education Leadership	$ 960,564	$ 2,050,000	$ 1,250,000	-39.0%	$ 600,000	-52.0%
5BJ0	200626	Half-Mill Maintenance Equalization	$ 15,221,933	$ 10,700,000	$ 10,700,000	0.0%	$ 10,700,000	0.0%
5H60	221609	Even Start Fees and Gifts	$0	$ 0	$ 250,716	N/A	$ 250,716	0.0%
5U20	200685	National Education Statistics	$ 137,073	$ 300,000	$ 300,000	0.0%	$ 300,000	0.0%
5W20	200663	Early Learning Initiative	$ 1,223,295	$ 2,200,000	$ 2,200,000	0.0%	$ 2,200,000	0.0%
5X90	200911	NGA STEM	$ 94,950	$ 250,000	$ 50,000	-80.0%	$ 0	-100.0%
6200	200615	Educational Improvement Grants	$ 1,737,240	$ 3,237,000	$ 3,000,000	-7.3%	$ 3,000,000	0.0%
6210	200910	Preschool Foreign Language	$ 218,106	$0	$0	N/A	$0	N/A
State Special Revenue Fund Group Total			**$ 46,287,226**	**$ 51,260,108**	**$ 50,598,878**	**-1.3%**	**$ 49,898,878**	**-1.4%**
7017	200612	Foundation Funding	$ 666,198,000	$ 667,900,000	$ 705,000,000	5.6%	$ 711,000,000	0.9%
7017	200682	Lease Rental Payment Reimbursement	$ 22,702,000	$0	$0	N/A	$0	N/A
Lottery Profits/Education Fund Group Total			**$ 688,900,000**	**$ 667,900,000**	**$ 705,000,000**	**5.6%**	**$ 711,000,000**	**0.9%**
7047	200909	School District Property Tax Replacement - Business	$ 620,818,733	$ 763,316,819	$ 1,150,207,366	50.7%	$ 1,150,207,366	0.0%
7053	200900	School District Property Tax Replacement - Utility	$ 85,486,475	$ 91,123,523	$ 91,123,523	0.0%	$ 91,123,523	0.0%

LSC Budget Spreadsheet by Line Item, FY 2010 - FY 2011

Fund	ALI	ALI Title	2008	2009	As Introduced 2010	% Change 2009 to 2010	As Introduced 2011	% Change 2010 to 2011
EDU		**Department of Education**						
		Revenue Distribution Fund Group Total	$ 706,305,208	$ 854,440,342	$ 1,241,330,889	45.3%	$ 1,241,330,889	0.0%
		Total All Budget Fund Groups	$ 10,762,007,538	$ 11,365,069,648	$ 11,892,832,128	4.6%	$ 12,165,899,835	2.3%